

PROPERTY TAX EXEMPTION FOR NEW CONSTRUCTION THAT HAS NEVER BEEN OCCUPIED

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4134

Sponsor: Rep. Margaret O'Brien

Committee: Tax Policy

Complete to 1-31-12

A SUMMARY OF HOUSE BILL 4134 AS INTRODUCED 1-25-11

The bill would amend the General Property Tax Act to exempt from property taxes new construction on development property. The term "development property" would refer to real property on which is located a residential dwelling, condominium unit, or other structure that (1) is not occupied and has never been occupied and (2) is available for sale. The exemption lasts until the new construction is no longer located on development property.

To claim the exemption, an owner of development property must file an affidavit with the local tax collecting unit by May 1. An owner would have to file a rescission form within 90 days after all or a portion of the exempted new construction was no longer located on development property.

An owner who failed to file a rescission form when required would be subject to a penalty of \$5 per day for each separate failure, up to a maximum of \$200. The penalty would be deposited in the State School Aid Fund. The Department of Treasury could waive the penalty.

An owner of new construction located on development property on May 1 for which an exemption is not on the tax roll could file an appeal with the July or December Board of Review in the year the exemption was claimed or the immediately succeeding year. If an exemption was denied by the local assessor, an appeal could be made to the July Board of Review for summer taxes or, if there was no summer levy of school operating taxes, with the December Board of Review.

An assessor could deny or modify an existing exemption if he or she believes the new construction for which an exemption has been granted is not located on development property. A taxpayer could appeal the decision to the Board of Review. A decision of the Board of Review could be appealed to the Residential and Small Claims Division of the Michigan Tax Tribunal.

If an exemption was erroneously granted, an owner could request in writing that the exemption be withdrawn. The property would be immediately placed on the tax roll and a corrected tax bill issued for the tax year being adjusted. There would be no penalty or interest on the additional tax if the owner asked for an exemption to be withdrawn before

being contacted in writing by the local assessor regarding eligibility for the exemption. Interest and penalty would be due if the owner pays the corrected tax bill more than 30 days after it was issued.

Proposed MCL 211.7pp

FISCAL IMPACT:

As written, the bill would result in an indeterminate loss of revenue to state and local government. Because the number of affected properties, the respective taxable values, and the corresponding millage rates are not known, a fiscal impact cannot be determined.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.