

Legislative Analysis



NONPROFIT HOUSING TAX EXEMPTION

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

House Bill 4245

Sponsor: Rep. Dale Zorn

Committee: Tax Policy

Complete to 10-3-11

A SUMMARY OF HOUSE BILL 4245 AS INTRODUCED 2-10-11

The bill would make certain residential property owned by a charitable nonprofit housing organization exempt from property taxes for up to two years if the property is intended for ultimate occupancy by low-income persons. Currently, such property can be exempt, but only at the option of local units of government.

Public Act 612 of 2006 allowed local tax collecting units to exempt certain nonprofit-owned residential property from taxation. Specifically, this exemption applies to single family dwellings or duplexes owned by charitable nonprofit housing organizations ultimately intended to be transferred to persons with a family income of not more than 80% of the statewide median gross income and who meet other qualifying criteria of the charitable organization. The exemption remains in effect for two years, until the property is occupied, or until a transfer of ownership, whichever occurs first. PA 612 was an amendment to the General Property Tax Act.

House Bill 4245 would amend the General Property Tax Act to make such property exempt from property taxes ***without action by local tax collecting units***. Currently, a local unit can choose to exempt such property by resolution; under the bill, property meeting the eligibility criteria would simply be exempt. Other elements of the exemption (such as which property is exempt and for how long) would remain unchanged.

MCL 211.7kk

FISCAL IMPACT:

The bill would reduce property tax revenue at both the state and local level by an unknown amount. Because the number of properties that would qualify, the corresponding taxable values, and the appropriate local millage rates are not known, a fiscal estimate is not possible. The bill would reduce revenue to the School Aid Fund as well as local school funding. Because local funding for schools would decline, expenditures from the School Aid Fund would have to increase to maintain the foundation allowance.

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.