

HOUSE BILL No. 5425

January 17, 2018, Introduced by Rep. Kosowski and referred to the Committee on Military and Veterans Affairs.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding section 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 675. (1) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1,**
2 **2019, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS**
3 **PART IN AN AMOUNT EQUAL TO 10% OF ITS APPROVED COSTS INCURRED FOR**
4 **THE DEVELOPMENT OF QUALIFIED HOUSING FOR VETERANS. TO BE ELIGIBLE**
5 **FOR THE CREDIT UNDER THIS SECTION, THE TAXPAYER SHALL SUBMIT AN**
6 **APPLICATION TO THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY FOR**
7 **APPROVAL OF THE PROPOSED PROJECT FOR THE DEVELOPMENT OF QUALIFIED**
8 **HOUSING FOR VETERANS. THE APPLICATION SHALL INCLUDE ALL OF THE**
9 **FOLLOWING:**

10 **(A) THE LOCATION AND IDENTIFICATION OF THE PROPERTY AND**

1 BUILDINGS THAT ARE THE SUBJECT OF THE PROPOSED PROJECT.

2 (B) THE ESTIMATED COST OF THE PROPOSED PROJECT.

3 (C) THE TIMELINE FOR THE COMPLETION OF THE PROPOSED PROJECT.

4 (D) ANY OTHER CRITERIA THAT THE AUTHORITY CONSIDERS

5 APPROPRIATE FOR THE DETERMINATION OF APPROVAL UNDER THIS SECTION.

6 (2) UPON COMPLETION OF A PROPOSED PROJECT APPROVED UNDER
7 SUBSECTION (1), THE TAXPAYER SHALL SUBMIT DOCUMENTATION TO THE
8 AUTHORITY THAT THE PROJECT IS COMPLETED, AN ACCOUNTING OF THE COST
9 OF THE PROJECT, THE APPROVED COSTS INCURRED BY THE TAXPAYER, AND
10 THAT THE TAXPAYER HAS RECEIVED A CERTIFICATE OF OCCUPANCY FROM THE
11 LOCAL MUNICIPALITY IN WHICH THE HOUSING OF VETERANS IS LOCATED. THE
12 AUTHORITY SHALL VERIFY THAT THE PROJECT IS COMPLETED. WHEN
13 COMPLETION IS VERIFIED, THE AUTHORITY SHALL ISSUE A CERTIFICATE OF
14 COMPLETION TO THE TAXPAYER. THE CERTIFICATE OF COMPLETION SHALL
15 STATE ALL OF THE FOLLOWING:

16 (A) THE TOTAL COST OF THE PROJECT AND THE AMOUNT OF THE
17 APPROVED COSTS INCURRED BY THE TAXPAYER.

18 (B) THE AMOUNT OF THE CREDIT ALLOWED TO BE CLAIMED UNDER THIS
19 SECTION FOR THE TAXPAYER FOR THE DESIGNATED TAX YEAR.

20 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
21 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE
22 TAXPAYER.

23 (3) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION
24 UNLESS THE AUTHORITY HAS ISSUED A CERTIFICATE OF COMPLETION TO THE
25 TAXPAYER. THE TAXPAYER SHALL ATTACH THE CERTIFICATE OF COMPLETION
26 TO THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH A CREDIT UNDER
27 THIS SECTION IS CLAIMED.

1 (4) THE TOTAL AMOUNT OF CREDITS ALLOWED UNDER THIS SECTION FOR
2 ANY TAX YEAR SHALL NOT EXCEED \$5,000,000.00. IF THE CREDIT ALLOWED
3 UNDER THIS SECTION FOR THE TAX YEAR AND ANY UNUSED CARRYFORWARD OF
4 THE CREDIT ALLOWED UNDER THIS SECTION EXCEED THE TAX LIABILITY OF
5 THE TAXPAYER FOR THE TAX YEAR, THE EXCESS SHALL NOT BE REFUNDED,
6 BUT MAY BE CARRIED FORWARD AS AN OFFSET TO THE TAX LIABILITY IN
7 SUBSEQUENT TAX YEARS FOR 10 TAX YEARS OR UNTIL THE EXCESS CREDIT IS
8 USED UP, WHICHEVER OCCURS FIRST.

9 (5) NOT LATER THAN MARCH 1, 2020 AND EACH MARCH 1 THEREAFTER,
10 THE DEPARTMENT, IN COOPERATION WITH THE AUTHORITY, SHALL SUBMIT TO
11 THE GOVERNOR, THE CHAIRPERSON OF THE SENATE FINANCE COMMITTEE, THE
12 CHAIRPERSON OF THE HOUSE TAX POLICY COMMITTEE, THE DIRECTOR OF THE
13 SENATE FISCAL AGENCY, AND THE DIRECTOR OF THE HOUSE FISCAL AGENCY
14 AN ANNUAL REPORT CONCERNING THE OPERATION AND EFFECTIVENESS OF THE
15 CREDIT UNDER THIS SECTION. THE REQUIREMENTS OF SECTION 28(1)(F) OF
16 1941 PA 122, MCL 205.28, DO NOT APPLY TO DISCLOSURE OF TAX
17 INFORMATION REQUIRED BY THIS SUBSECTION. THE REPORT SHALL INCLUDE
18 ALL OF THE FOLLOWING:

19 (A) A BRIEF ASSESSMENT OF THE OVERALL EFFECTIVENESS OF THE
20 CREDIT UNDER THIS SECTION AT PROVIDING VETERANS WITH QUALIFIED
21 HOUSING IN THIS STATE DURING THE IMMEDIATELY PRECEDING CALENDAR
22 YEAR.

23 (B) THE NUMBER OF TAXPAYERS THAT APPLIED FOR A TAX CREDIT
24 UNDER THIS SECTION DURING THE IMMEDIATELY PRECEDING YEAR, THE
25 NUMBER OF PROJECTS FOR THE DEVELOPMENT OF QUALIFIED HOUSING FOR
26 VETERANS IN THIS STATE FOR WHICH CREDITS WERE BEGUN OR COMPLETED IN
27 THE IMMEDIATELY PRECEDING YEAR, AND THE LOCATIONS OF THOSE

1 PROJECTS.

2 (C) THE AMOUNT OF APPROVED COSTS INCURRED BY EACH TAXPAYER
3 IDENTIFIED IN SUBDIVISION (B) TO DEVELOP EACH PROJECT FOR THE
4 DEVELOPMENT OF QUALIFIED HOUSING FOR VETERANS IN THIS STATE.

5 (D) THE VALUE OF ALL TAX CREDIT CERTIFICATES OF COMPLETION
6 ISSUED UNDER THIS SECTION IN THE IMMEDIATELY PRECEDING CALENDAR
7 YEAR.

8 (E) THE AMOUNT KNOWN BY THE MICHIGAN STATE HOUSING DEVELOPMENT
9 AUTHORITY OF OTHER FEDERAL, STATE, AND LOCAL ASSISTANCE PROVIDED TO
10 THE TAXPAYER IN ADDITION TO THE TAX CREDIT UNDER THIS SECTION.

11 (6) AS USED IN THIS SECTION:

12 (A) "APPROVED COSTS" MEANS THE EXPENDITURES BY A TAXPAYER FOR
13 THE PRODUCTION OF QUALIFIED HOUSING FOR VETERANS THAT INCLUDE
14 AMOUNTS PAID OR INCURRED FOR THE PURCHASE OF LAND AND ANY
15 REMEDIATION COSTS; CONSTRUCTION OR REHABILITATION; COMMISSIONING
16 COSTS; INTEREST PAID DURING THE CONSTRUCTION OR REHABILITATION
17 PERIOD; LEGAL, ARCHITECTURAL, ENGINEERING, AND PROFESSIONAL FEES
18 ALLOCABLE TO CONSTRUCTION OR REHABILITATION; CLOSING COSTS FOR
19 CONSTRUCTION OR MORTGAGE LOANS; RECORDING TAXES AND FILING FEES
20 INCURRED WITH RESPECT TO CONSTRUCTION OR REHABILITATION; SITE
21 COSTS, SUCH AS TEMPORARY ELECTRICAL WIRING, SCAFFOLDING, DEMOLITION
22 COSTS, AND FENCING AND SECURITY FACILITIES; AND COSTS OF CARPETING,
23 PARTITIONS, WALLS AND WALL COVERINGS, CEILINGS, LIGHTING, PLUMBING,
24 ELECTRICAL WIRING, AND VENTILATION. APPROVED COSTS DO NOT INCLUDE
25 THE COST OF TELEPHONE SYSTEMS AND COMPUTERS OTHER THAN ELECTRICAL
26 WIRING COSTS IN A PROJECT.

27 (B) "DEVELOPMENT" MEANS CONSTRUCTION, RECONSTRUCTION,

1 CONVERSION, STRUCTURAL ALTERATION, RELOCATION, REHABILITATION OR
2 ENLARGEMENT OF ANY BUILDING OR OTHER STRUCTURE, SITE REMEDIATION,
3 AND ANY USE OR CHANGE IN THE USE OF ANY BUILDING OR OTHER
4 STRUCTURE, OR LAND OR EXTENSION OF USE OF LAND.

5 (C) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
6 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
7 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
8 1966 PA 346, MCL 125.1421.

9 (D) "QUALIFIED HOUSING FOR VETERANS" MEANS ANY NEW PROJECT TO
10 CONSTRUCT, RECONSTRUCT, OR REHABILITATE RESIDENTIAL RENTAL PROPERTY
11 IN WHICH ALL OF THE UNITS ARE OCCUPIED OR RESERVED FOR OCCUPANCY BY
12 A VETERAN. ANY PROPERTY SHALL NOT BE TREATED AS FAILING TO BE
13 RESIDENTIAL RENTAL PROPERTY MERELY BECAUSE PART OF THE BUILDING IS
14 USED FOR PURPOSES OTHER THAN RESIDENTIAL PURPOSES.

15 (E) "VETERAN" MEANS A PERSON WHO SERVED IN THE ACTIVE
16 MILITARY, NAVAL, MARINE, COAST GUARD, OR AIR SERVICE AND WHO WAS
17 DISCHARGED OR RELEASED FROM HIS OR HER SERVICE WITH AN HONORABLE OR
18 GENERAL DISCHARGE.