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BILL ANALYSIS

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Senate Bill 65 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Ron Jelinek
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to allow a local governing body to exempt certain nonprofit-owned single family dwellings or duplexes from the property tax for a maximum of two years.

Under the bill, the governing body of a local tax collecting unit could adopt a resolution to exempt eligible nonprofit housing property from the tax collected under the Act. The clerk of the local tax collecting unit would have to give written notice to the tax assessor of that unit and the legislative body of each taxing unit that levied ad valorem property taxes in that unit. Before acting on the resolution, the governing body would have to give the assessor and a representative of the affected taxing units an opportunity for a hearing. A copy of the resolution would have to be filed with the State Tax Commission.

The exemption would take effect on the December 31 immediately after the adoption of the resolution or the issuance of a building permit for the eligible nonprofit housing property, whichever was later. The exemption would remain in effect for two years, until the property was occupied by a low-income person under a lease agreement, or until ownership of the property was transferred, whichever came first.

The bill would define "eligible nonprofit housing property" as a single family dwelling or duplex owned by a charitable nonprofit housing organization, which the organization intended to transfer to a low-income person after construction or renovation of the dwelling or duplex was completed to be used as that person's principal residence. "Low-income person" would mean a person with a family income of not more than 80% of the statewide median gross income, who was eligible to participate in the charitable nonprofit housing organization's program based on criteria established by that organization.

Proposed MCL 211.7jj

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would reduce State and local property tax revenue, and increase School Aid Fund expenditures, by an unknown and likely negligible amount. It is unknown how many properties would be affected by the bill, the value of those properties, the applicable millage rates, the average duration of the exemption, the location of the properties, or whether a local unit would approve the necessary resolution. The reduction in State property tax revenue would lower School Aid Fund revenue. Expenditures from the School Aid Fund would increase to offset any reduction in local school operating revenue in order to maintain per-pupil funding guarantees.

Date Completed: 6-21-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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