

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5182

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7kk (MCL 211.7kk), as added by 2006 PA 612.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7kk. (1) ~~The~~**BEFORE DECEMBER 31, 2014, THE** governing body
2 of a local tax collecting unit may adopt a resolution to exempt
3 from the collection of taxes under this act eligible nonprofit
4 housing property. The clerk of the local tax collecting unit shall
5 notify in writing the assessor of the local tax collecting unit and
6 the legislative body of each taxing unit that levies ad valorem
7 property taxes in the local tax collecting unit. Before acting on
8 the resolution, the governing body of the local tax collecting unit
9 shall afford the assessor and a representative of the affected

1 taxing units an opportunity for a hearing.

2 (2) The exemption under ~~this section~~ **SUBSECTION (1)** is
3 effective on the December 31 immediately succeeding the adoption of
4 the resolution by the governing body of the local tax collecting
5 unit or the issuance of a building permit for the eligible
6 nonprofit housing property, whichever is later. The exemption under
7 this section shall continue in effect for 2 years, until the
8 eligible nonprofit housing property is occupied by a low-income
9 person under a lease agreement, or until there is a transfer of
10 ownership of the eligible nonprofit housing property, whichever
11 occurs first. A copy of the resolution shall be filed with the
12 state tax commission.

13 (3) **BEGINNING DECEMBER 31, 2014, A CHARITABLE NONPROFIT**
14 **HOUSING ORGANIZATION THAT OWNS ELIGIBLE NONPROFIT HOUSING PROPERTY**
15 **MAY APPLY TO THE STATE TAX COMMISSION FOR AN EXEMPTION FROM THE**
16 **COLLECTION OF TAXES UNDER THIS ACT ON A FORM PRESCRIBED BY THE**
17 **DEPARTMENT OF TREASURY. THE STATE TAX COMMISSION, AFTER**
18 **CONSULTATION WITH THE STATE TREASURER OR HIS OR HER DESIGNEE, SHALL**
19 **GRANT OR DENY THE EXEMPTION WITHIN 60 DAYS OF RECEIPT OF THE**
20 **APPLICATION FOR EXEMPTION AND SHALL SEND WRITTEN NOTIFICATION OF**
21 **ITS DETERMINATION TO THE LOCAL TAX COLLECTING UNIT AND TO THE**
22 **CHARITABLE NONPROFIT HOUSING ORGANIZATION. AN EXEMPTION UNDER THIS**
23 **SUBSECTION IS EFFECTIVE BEGINNING DECEMBER 31 IN THE YEAR IN WHICH**
24 **THE STATE TAX COMMISSION APPROVES THE EXEMPTION.**

25 (4) **SUBJECT TO SUBSECTION (6), FOR ELIGIBLE NONPROFIT HOUSING**
26 **PROPERTY THAT IS, WHEN TRANSFERRED TO THE CHARITABLE NONPROFIT**
27 **HOUSING ORGANIZATION, A RESIDENTIAL BUILDING LOT, AN EXEMPTION**

1 UNDER SUBSECTION (3) SHALL CONTINUE IN EFFECT FOR THE LESSER OF 5
2 YEARS OR UNTIL EITHER OF THE FOLLOWING OCCURS:

3 (A) THE ELIGIBLE NONPROFIT HOUSING PROPERTY IS OCCUPIED BY A
4 LOW-INCOME PERSON UNDER A LEASE AGREEMENT.

5 (B) THE ELIGIBLE NONPROFIT HOUSING PROPERTY IS TRANSFERRED BY
6 THE CHARITABLE NONPROFIT HOUSING ORGANIZATION.

7 (5) SUBJECT TO SUBSECTION (6), FOR ELIGIBLE NONPROFIT HOUSING
8 PROPERTY THAT IS NOT A RESIDENTIAL BUILDING LOT, AN EXEMPTION UNDER
9 SUBSECTION (3) SHALL CONTINUE IN EFFECT FOR THE LESSER OF 3 YEARS
10 OR UNTIL EITHER OF THE FOLLOWING OCCURS:

11 (A) THE ELIGIBLE NONPROFIT HOUSING PROPERTY IS OCCUPIED BY A
12 LOW-INCOME PERSON UNDER A LEASE AGREEMENT.

13 (B) THE ELIGIBLE NONPROFIT HOUSING PROPERTY IS TRANSFERRED BY
14 THE CHARITABLE NONPROFIT HOUSING ORGANIZATION.

15 (6) AN EXEMPTION UNDER SUBSECTION (3) SHALL BE REDUCED BY THE
16 NUMBER OF YEARS IN WHICH THE ELIGIBLE NONPROFIT HOUSING PROPERTY
17 WAS EXEMPT UNDER SUBSECTION (1).

18 (7) ~~(3)~~—As used in this section:

19 (a) "Charitable nonprofit housing organization" means a
20 charitable nonprofit organization the primary purpose of which is
21 the construction or renovation of residential housing for
22 conveyance to a low-income person.

23 (b) "Eligible nonprofit housing property" means **A RESIDENTIAL**
24 **BUILDING LOT**, a single family dwelling, ~~or~~ **A duplex**, **OR A MULTIUNIT**
25 **BUILDING WITH NOT MORE THAN 4 INDIVIDUAL UNITS**, owned by a
26 charitable nonprofit housing organization, the ownership of which
27 the charitable nonprofit housing organization intends to transfer

1 to a low-income person **TO BE USED AS THAT LOW-INCOME PERSON'S**
2 **PRINCIPAL RESIDENCE** after construction **OF A SINGLE FAMILY DWELLING,**
3 **DUPLEX, OR MULTIUNIT BUILDING ON THE RESIDENTIAL BUILDING LOT IS**
4 **COMPLETED** or **THE** renovation of the single family dwelling, ~~or~~
5 duplex, **OR MULTIUNIT BUILDING** is completed. ~~to be used as that low-~~
6 ~~income person's principal residence.~~

7 (c) "Family income" and "statewide median gross income" mean
8 those terms as defined in section 11 of the state housing
9 development authority act of 1966, 1966 PA 346, MCL 125.1411.

10 (d) "Low-income person" means a person with a family income of
11 not more than 80% of the statewide median gross income who is
12 eligible to participate in the charitable nonprofit housing
13 organization's program based on criteria established by the
14 charitable nonprofit housing organization.

15 (e) "Principal residence" means property exempt as a principal
16 residence under section 7cc.

17 (F) **"RESIDENTIAL BUILDING LOT" INCLUDES REAL PROPERTY ON WHICH**
18 **IS LOCATED A STRUCTURE THAT WILL BE TORN DOWN WITHIN 1 YEAR OF**
19 **TRANSFER TO THE CHARITABLE NONPROFIT HOUSING ORGANIZATION.**

20 (G) **"TRANSFERRED" MEANS A TRANSFER OF OWNERSHIP AS DEFINED IN**
21 **SECTION 27A.**