

**SUBSTITUTE FOR  
HOUSE BILL NO. 4966**

A bill to provide for the authorization and levy of a specific tax in lieu of certain ad valorem property taxes for purposes of improving equity in the taxation of property and to encourage the development of property within the boundaries of certain cities and local units of government; to prescribe the powers, duties, and jurisdictions of those cities and local units of government, and certain local and state officials, in the authorization and levy of the specific alternative tax and for the administration of this act; to limit the levy of certain ad valorem property taxes and exempt certain property from the collection of certain ad valorem property taxes within cities and local units of government qualified to levy the specific alternative tax; to regulate the levy, collection, and distribution of the specific alternative tax



within the jurisdiction of each city or local unit of government qualified to levy the specific alternative tax; to create and provide for the modification of certain credits and exemptions against the specific alternative tax in certain circumstances in order to enhance the equitable purposes and objectives of this act; to provide for the exemption from certain taxes; and to provide for the powers and duties of certain state and local governmental officers and entities.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act may be cited as the "land tax equity act".

2           Sec. 2. (1) The legislature finds and declares all of the  
3 following:

4           (a) That there is a compelling need to enable local  
5 governmental units in encouraging the maintenance, improvement, and  
6 development of real property in this state, the consequent growth  
7 in real property values, and ancillary economic growth in this  
8 state, so as to assure the provision of necessary governmental  
9 services essential to public health, safety, and welfare.

10          (b) That to address the needs described in subdivision (a), it  
11 is necessary to exempt certain properties from the collection of  
12 certain ad valorem property taxes levied on the combined taxable  
13 values of land, fixtures, improvements, and appurtenances and to  
14 replace those taxes with a specific tax that applies on a uniform  
15 basis only to land subject to the specific tax.

16          (c) That it is necessary and appropriate for the promotion of  
17 the health, safety, and welfare of the people of this state to  
18 enable the formation of an alternative system of specific taxation  
19 of land as provided in this act.

20          (d) That the establishment of an alternative system of



1 specific taxation of land under this act and the powers conferred  
2 by this act constitute a necessary program and serve a necessary  
3 public purpose.

4 (e) That certain credits and exemptions applicable to the  
5 specific tax created under this act will facilitate the expenditure  
6 of revenues generated by the specific tax for purposes that assure  
7 equity in the application of the specific tax and further the  
8 purposes of this act.

9 (2) The purpose of this act is to promote the public health,  
10 safety, welfare, convenience, and prosperity of this state and its  
11 cities and local units of government.

12 Sec. 3. As used in this act:

13 (a) "Authorized ad valorem millage" means that term as defined  
14 in section 7yy of the general property tax act, 1893 PA 206, MCL  
15 211.7yy.

16 (b) "Chief executive officer" means the mayor of a city that  
17 has a separately elected mayor form of government.

18 (c) "Commission" means the state tax commission.

19 (d) "Equivalent land tax rate" means, for a qualified city or  
20 qualified local unit of government, the percentage that, when  
21 multiplied by the taxable value of all land in the qualified city  
22 or qualified local unit of government for the first year in which  
23 the rate is imposed, would generate revenue for the qualified city  
24 or qualified local unit of government equal to the revenue that  
25 would have been generated by the qualified tax for the first year  
26 in which the land value tax is imposed. An equivalent land tax rate  
27 must be calculated to reflect an inclusion of all of the following:

28 (i) Tax increment revenues.

29 (ii) Any reimbursements to a land bank fast track authority



1 required by this act to be annually distributed from receipts of  
2 the land value tax under this act.

3 (iii) An adjustment to compensate for the effect that inclusion  
4 of any credit under sections 9 and 10 will have on revenue for the  
5 qualified city.

6 (e) "Land" means real property other than buildings and  
7 fixtures or other improvements on the real property, and  
8 appurtenances to the real property.

9 (f) "Land value tax" means the specific tax determined and  
10 levied by a qualified city or qualified local unit of government  
11 under this act.

12 (g) "Local unit of government" means a school district,  
13 community college district, library, authority, charter authority,  
14 or other type of local governmental unit that is not a city and  
15 that meets all of the following:

16 (i) Is created by or authorized to be created by state law.

17 (ii) Is authorized to levy ad valorem taxes for operating  
18 purposes.

19 (iii) Has geographic boundaries coterminous with or totally  
20 within the geographic boundaries of a qualified city.

21 (h) "Operating purposes" means that term as defined in section  
22 7yy of the general property tax act, 1893 PA 206, MCL 211.7yy.

23 (i) "Qualified city" or "qualified local unit of government"  
24 means a city with a population of at least 500,000 that is a land  
25 equity city or a local unit of government that is a land equity  
26 local unit under section 7yy of the general property tax act, 1893  
27 PA 206, MCL 211.7yy.

28 (j) "Qualified tax" means that term as defined in section 7yy  
29 of the general property tax act, 1893 PA 206, MCL 211.7yy, in the



1 amount designated under section 4 as eligible to be converted for  
2 levy under this act as a land value tax.

3 (k) "Tax increment revenues" means all of the following, as  
4 applicable:

5 (i) For a downtown development authority, that term as defined  
6 in section 201(cc) of the recodified tax increment financing act,  
7 2018 PA 57, MCL 125.4201.

8 (ii) For a tax increment finance authority, that term as  
9 defined in section 301(aa) of the recodified tax increment  
10 financing act, 2018 PA 57, MCL 125.4301.

11 (iii) For a local development finance authority, that term as  
12 defined in section 402(jj) of the recodified tax increment  
13 financing act, 2018 PA 57, MCL 125.4402.

14 (iv) For a corridor improvement authority, that term as defined  
15 in section 603(g) of the recodified tax increment financing act,  
16 2018 PA 57, MCL 125.4603.

17 (v) For a brownfield redevelopment authority, that term as  
18 defined in section 2(tt) of the brownfield redevelopment financing  
19 act, 1996 PA 381, MCL 125.2652.

20 Sec. 4. (1) After a written request is submitted by the chief  
21 executive officer of a city to the governing body of the city, the  
22 city, subject to the terms of this act, may authorize a land value  
23 tax under subsection (2). The chief executive officer's  
24 recommendation must include the level of the qualified city's  
25 authorized ad valorem millage that may be qualified taxes and  
26 eligible to be designated by the qualified city to be converted to  
27 an equivalent land tax rate and exempted from collection, and the  
28 year in which the recommended land value tax would commence. If the  
29 chief executive officer for a city desires to make a recommendation



1 for the governing body of the city to adopt a system of credits  
2 allowed under section 9 or 10, or both, the chief executive  
3 officer's written request must include that recommendation and any  
4 recommendation for modifications to those credits.

5 (2) After receiving a written request as described in  
6 subsection (1), the governing body of the city may authorize a land  
7 value tax by adopting a resolution that is consistent with the  
8 request made under subsection (1) and that provides for all of the  
9 following:

10 (a) A number of mills of the city's authorized ad valorem  
11 millage that may be designated as the portion eligible to be  
12 converted to the equivalent land tax rate of the city, which  
13 millage would be the qualified taxes of the city that are exempted  
14 from collection as ad valorem taxes under section 7yy of the  
15 general property tax act, 1893 PA 206, MCL 211.7yy, on approval of  
16 the electors of a land value tax.

17 (b) The projected millage of the equivalent land tax rate that  
18 will be levied on land in the first year the land value tax is  
19 imposed.

20 (c) The first year in which the land value tax would be  
21 imposed if approved by the electors of the city.

22 (d) The phase-in period and percentages for the equivalent  
23 land tax rate during the phase-in period, if 1 has been recommended  
24 by the chief executive officer.

25 (e) If the chief executive officer of a city has made a  
26 recommendation for the governing body of the city to adopt a system  
27 of credits allowed under section 9 or 10, or both, and the  
28 governing body determines to adopt the system of credits, the  
29 approval of the system of credits consistent with the requirements



1 of sections 9 and 10 and, if recommended by the chief executive  
2 officer, of any modifications permitted under section 9(5) of the  
3 terms of the system of credits under section 9.

4 (3) A local unit of government may authorize a land value tax  
5 by adoption of a resolution of the governing body of the local unit  
6 of government that is consistent with the requirements specified in  
7 subsection (2) for a resolution required of a city, except that a  
8 local unit of government may not adopt a system of credits allowed  
9 under section 9 or 10. No action by a local official to recommend  
10 the adoption of a resolution authorizing a land value tax by the  
11 governing body of the local unit of government is required. After  
12 adopting a resolution, the qualified local unit of government shall  
13 take those actions required of a city under section 5 to submit the  
14 question of levying the land value tax to the electors of the  
15 qualified local unit of government. The question submitted by a  
16 qualified local unit of government must include all applicable  
17 information specified under section 5.

18 Sec. 5. Following a qualified city's approval of a resolution  
19 under section 4, the qualified city shall submit to the electors of  
20 the qualified city the question of levying the land value tax at  
21 the first regular election date, as established under section 641  
22 of the Michigan election law, 1954 PA 116, MCL 168.641. The  
23 qualified city shall administer and conduct the election under the  
24 provisions of the Michigan election law, 1954 PA 116, MCL 168.1 to  
25 168.992. The question must include, at a minimum, all of the  
26 following:

27 (a) An identification of the qualified city.

28 (b) The level of the qualified city's authorized ad valorem  
29 millage that, on voter approval of a land value tax, will be



1 qualified taxes exempted from collection as an ad valorem levy.

2 (c) The first year in which the land value tax would be  
3 imposed if approved by the electors of the qualified city and any  
4 phase-in period.

5 (d) Based on the most recently established taxable valuations  
6 and the amount of qualified taxes to be exempted from collection as  
7 an ad valorem levy, the estimated equivalent land tax rate that  
8 would be levied on land.

9 (e) A description of the base on which the land value tax  
10 would be imposed if approved by the electors of the qualified city.

11 Sec. 6. (1) If a majority of the electors voting on the  
12 question vote in favor of the question submitted under section 5, a  
13 qualified city or qualified local unit of government shall take the  
14 action required to certify its ad valorem tax millage levy and  
15 shall designate, at the level established by the resolution adopted  
16 under section 4(2) and by the proposal approved by the qualified  
17 electors under section 5, the portion of the certified mills to be  
18 qualified taxes. From the qualified taxes, the qualified city or  
19 qualified local unit of government shall establish and designate  
20 that portion of the equivalent land tax rate of the qualified city  
21 or the qualified local unit of government for the tax year that  
22 will be imposed as a land value tax. The portion of the equivalent  
23 land tax rate of the qualified city or the qualified local unit of  
24 government for the tax year that will be imposed as a land value  
25 tax may be less than, but must not exceed, the equivalent land tax  
26 rate for the qualified city or qualified local unit of government.

27 (2) Upon the request of the city council, the governing body  
28 of a qualified city or qualified local unit of government may adopt  
29 a resolution for the submission of a question to its electors to





1 approve a reduction, for the calendar year following approval by  
2 the electors, of the maximum levy of the land value tax previously  
3 approved by the electors and the reduction of the level of  
4 authorized ad valorem millage that may be designated as qualified  
5 taxes. If a reduction in the levy of the land value tax is approved  
6 by the electors, the amount of the reduction in the level of  
7 authorized ad valorem millage that may be designated as qualified  
8 taxes must be determined at the conversion rate for the first year  
9 in which the equivalent land value tax rate was imposed. If a  
10 reduction in the levy of the land value tax is approved by the  
11 electors, the equivalent land tax rate reduction approved by the  
12 electors must not be levied as part of the land value tax and the  
13 authorized ad valorem millage rate that is no longer qualified to  
14 be designated as qualified taxes may be reimposed as an ad valorem  
15 levy.

16 (3) The entire millage certified annually by a qualified city  
17 or qualified local unit of government, including those mills  
18 designated to be qualified taxes, must be used for purposes of  
19 determining the rate of any specific tax imposed pursuant to law  
20 that is based on or calculated using certified millage levies.

21 Sec. 7. (1) A qualified city or qualified local unit of  
22 government shall levy a land value tax at the portion of the  
23 equivalent land tax rate designated under section 6 on each parcel  
24 of land not exempt from the tax under this act that is located in  
25 the qualified city or qualified local unit of government if the  
26 land value tax is approved by the electors of the qualified city.  
27 The qualified city shall apply credits against the land value tax  
28 consistent with sections 9 and 10 and with the terms of the system  
29 of credits adopted by the qualified city under the resolution of



1 the qualified city under section 4. A qualified local unit of  
2 government may not apply credits authorized for a qualified city  
3 against the land value tax imposed by the qualified local unit of  
4 government.

5 (2) Following the designation of those certified mills to be  
6 qualified taxes, the chief executive officer of the qualified city  
7 shall determine the equivalent land tax rate for the qualified city  
8 and that portion of the equivalent land tax rate that will be  
9 levied as a land value tax for the year. The chief executive  
10 officer shall transmit a statement specifying these amounts, and  
11 the calculation of the equivalent land tax rate, to the governing  
12 body of the qualified city and the commission. The statement  
13 transmitted by the chief executive officer must also specify the  
14 authorized ad valorem millage rate of the qualified city that will  
15 be qualified taxes and exempt from collection under section 7yy of  
16 the general property tax act, 1893 PA 206, MCL 211.7yy. In a  
17 qualified local unit of government, the actions required of the  
18 chief executive officer to calculate the equivalent land tax rate  
19 must be performed by the governing body of the local unit of  
20 government unless delegated by the governing body to an official or  
21 administrative officer of the local unit of government.

22 (3) The equivalent land tax rate calculated under subsection  
23 (2) for the initial year in which the land value tax is levied must  
24 not change for levies of the land value tax in any subsequent year  
25 unless the certified mills designated to be qualified taxes  
26 increase. If the certified mills designated to be qualified taxes  
27 increase from the prior year, the equivalent land tax rate related  
28 to converting the increased number of designated mills must be  
29 calculated based on the revenues those additional mills would have



1 generated on the taxable value for the year in which the equivalent  
2 land tax rate would increase.

3 (4) The portion of the equivalent land tax rate designated  
4 under section 6 to be imposed as a land value tax applies to the  
5 taxable value of land subject to the land value tax in the year in  
6 which the land value tax is levied.

7 (5) If a qualified city does not have a chief executive  
8 officer, the actions assigned to the chief executive officer may be  
9 taken by the governing body of the qualified city.

10 (6) In any year in which a qualified city or qualified local  
11 unit of government imposes a land value tax under this act, the ad  
12 valorem tax millage of a qualified tax that is exempt from  
13 collection under section 7yy of the general property tax act, 1893  
14 PA 206, MCL 211.7yy, must not be levied as ad valorem taxes by the  
15 qualified city or qualified local unit of government.

16 (7) For purposes of this act and unless an alternative method  
17 for determining the taxable value of land is prescribed by the  
18 commission, the taxable value of the land portion of a parcel of  
19 property in each year is the product of the taxable value for the  
20 entire property for the year multiplied by the percentage that the  
21 state equalized value of the land portion of the parcel for the  
22 year represents to the state equalized value of the entire property  
23 for the year, including improvements.

24 Sec. 8. (1) A land value tax must be assessed, levied,  
25 collected, and disbursed in the same manner as an ad valorem tax on  
26 real property under the general property tax act, 1893 PA 206, MCL  
27 211.1 to 211.155, except as otherwise provided in this act.

28 (2) A land value tax is an annual tax, payable at the same  
29 times, in the same installments, and to the same officer or



1 officers as ad valorem taxes imposed under the general property tax  
2 act, 1893 PA 206, MCL 211.1 to 211.155, and the state education tax  
3 act, 1993 PA 331, MCL 211.901 to 211.906, are payable. The land  
4 value tax is subject to the same collection fees, penalties, and  
5 interest as taxes imposed under the general property tax act, 1893  
6 PA 206, MCL 211.1 to 211.155, including, but not limited to, any  
7 applicable property tax administration fee or late penalty charge.  
8 Subject to subsection (6), a collecting officer or officers shall  
9 disburse the collections of the land value taxes to and among the  
10 taxing units levying a qualified tax, at the same times and in the  
11 same proportions as each taxing unit's qualified tax being levied  
12 bears to the total qualified taxes being levied for all taxing  
13 units levying a qualified tax.

14 (3) The officer or officers to whom the land value tax is  
15 payable shall send a notice of the amount of disbursement made to  
16 each taxing unit levying a qualified tax under this act to the  
17 commission on a form provided by the commission.

18 (4) Except as provided in this subsection, property granted an  
19 exemption under section 7u(5) of the general property tax act, 1893  
20 PA 206, MCL 211.7u, before April 1 of the year in which the land  
21 value tax is levied is exempt from the land value tax levied under  
22 this act to the extent and for the duration provided under section  
23 7u of the general property tax act, 1893 PA 206, MCL 211.7u. This  
24 subsection does not apply to a qualified city if the qualified city  
25 has adopted a system of credits that includes the credit authorized  
26 under section 9(2)(b).

27 (5) In addition to and except as provided by subsection (4),  
28 land or real estate that is exempt from the levy of ad valorem  
29 taxes and ad valorem taxes on land or real estate that are exempt



1 from collection under the general property tax act, 1893 PA 206,  
 2 MCL 211.1 to 211.155, or under other state law for the year in  
 3 which the land value tax is levied, other than an exemption under  
 4 section 7yy of the general property tax act, 1893 PA 206, MCL  
 5 211.7yy, is exempt from a land value tax levied under this act.

6 (6) The following disbursements must be made before  
 7 disbursements required under subsection (2) are made:

8 (a) If the revenue from the land value tax includes amounts  
 9 that would have been tax increment revenues captured under a plan  
 10 approved before the date the electors of a qualified city or  
 11 qualified local unit of government approved the levy of a land  
 12 value tax, the tax increment revenues that those entities would  
 13 have been entitled to receive from qualified taxes must be  
 14 disbursed to those entities from the revenue from the land value  
 15 tax consistent with the disbursement requirements under the  
 16 applicable law governing tax increment revenues of an entity. After  
 17 the initial year of the levy of a land value tax, the annual rate  
 18 of growth in reimbursement under this section must not exceed the  
 19 annual rate of growth in revenue from the land value tax.

20 (b) A portion of a disbursement made under this subsection to  
 21 a qualified city must be allocated by the qualified city to a land  
 22 bank fast track authority created by the qualified city in an  
 23 amount sufficient to reimburse the land bank fast track authority  
 24 for any reduction in collections of the eligible tax reverted  
 25 property specific tax caused by the adoption of a land value tax  
 26 under this act.

27 (7) The land value tax levied under this act becomes a lien on  
 28 property assessed on the same date that an ad valorem property tax  
 29 becomes a lien on real property under the general property tax act,



1 1893 PA 206, MCL 211.1 to 211.155. A lien for the land value tax  
2 includes any applicable collection fees, penalties, or interest. A  
3 lien under this subsection continues until paid.

4 (8) Any unpaid land value tax and any applicable collection  
5 fee or interest must be returned as delinquent to the county  
6 treasurer at the same time that ad valorem taxes on real property  
7 are returned as delinquent under the general property tax act, 1893  
8 PA 206, MCL 211.1 to 211.155. Except as otherwise provided in this  
9 subsection, real property subject to a land value tax returned as  
10 delinquent is subject to forfeiture, foreclosure, and sale at the  
11 same time and in the same manner as real property subject to ad  
12 valorem taxes returned as delinquent under the general property tax  
13 act, 1893 PA 206, MCL 211.1 to 211.155.

14 Sec. 9. (1) A system of credits adopted under this act must  
15 conform with the requirements of this section and, if applicable,  
16 section 10. The system of credits allowed under this section and  
17 section 10 may be adopted only by a qualified city to be applied  
18 against the land value tax of the qualified city.

19 (2) Subject to subsections (4) and (5), a credit permitted  
20 against land value taxes assessed under this act in a tax year must  
21 not be greater than the largest of the following amounts:

22 (a) For any parcel of real property for which the state  
23 equalized value of the land is less than the credit threshold of  
24 the state equalized value of the entire real property, the amount  
25 greater than zero of the difference, not to exceed the credit cap,  
26 between subparagraphs (i) and (ii), as follows:

27 (i) The total levy of all ad valorem and specific taxes imposed  
28 on the parcel of real property by all taxing units for a tax year,  
29 including the levy under section 7 by the qualified city and each



1 qualified local unit of government.

2 (ii) An amount equal to the sum of the following:

3 (A) The amount, calculated for the tax year, of all certified  
4 ad valorem and specific taxes that would be levied, by all taxing  
5 units on the taxable value of the real property subject to those ad  
6 valorem and specific taxes, if the land value tax levied under this  
7 act were not levied.

8 (B) The product of the base multiplier percentage and the  
9 amount determined under sub-subparagraph (A).

10 (b) For any homestead, the amount, if greater than zero, of  
11 the difference between subparagraphs (i) and (ii), as follows:

12 (i) The total levy of all ad valorem and specific taxes imposed  
13 on the homestead by all taxing units for a tax year, including the  
14 levy under section 7 by the qualified city and each qualified local  
15 unit of government.

16 (ii) An amount equal to the product, calculated for the tax  
17 year, of all certified ad valorem and specific taxes that would be  
18 levied by all taxing units on the taxable value of the homestead  
19 subject to those ad valorem and specific taxes, if the land value  
20 tax levied under this act were not levied.

21 (3) As used in this section:

22 (a) "Base multiplier percentage" means, for purposes of  
23 subsection (2) (a), 20% or that percentage as may be adjusted under  
24 subsections (4) and (5).

25 (b) "Credit cap" means, for purposes of subsection (2) (a),  
26 \$50,000.00 or that amount as may be adjusted under subsections (4)  
27 and (5).

28 (c) "Credit threshold" means, for purposes of subsection  
29 (2) (a) and as may be adjusted under subsections (4) and (5), 60%.



1 (d) "Homestead" means the aggregated parcels of the following  
2 real property:

3 (i) A parcel of real property owned and occupied as a principal  
4 residence and on which is located a dwelling, if the parcel has a  
5 principal residence exemption in effect for the tax year.

6 (ii) Not more than 4 parcels of unoccupied real property that  
7 are under common ownership with, and that are each individually  
8 adjacent and contiguous to, the property described in subparagraph

9 (i).

10 (e) "Principal residence exemption" means an exemption granted  
11 under section 7cc of the general property tax act, 1893 PA 206, MCL  
12 211.7cc.

13 (4) If a system of credits is adopted under section 4, the  
14 base multiplier percentage, the credit cap, and the credit  
15 threshold for the system of credits under this section must be  
16 applied at the levels established by this section unless  
17 modifications are authorized by the resolution of the qualified  
18 city under section 4(2).

19 (5) The base multiplier percentage, the credit cap, and the  
20 credit threshold established for the system of credits under  
21 subsection (2) may be modified by recommendation of the chief  
22 executive officer and after concurrence with that recommendation by  
23 the governing body of the city. Modifications that change the  
24 credit authorized under this section from the levels presumed under  
25 subsections (2) and (3) must be made as part of the chief executive  
26 officer's recommendation under section 4.

27 (6) Any treasurer or other collector of land value taxes  
28 against which a credit provided by this section applies shall  
29 identify, and reduce the amount of land value tax due by, the





1 amount of the credit to be applied against the land value tax. If a  
2 credit under subsection (2) (b) exceeds the total amount of land  
3 value tax imposed on any separately assessed and taxed parcel of  
4 real property comprising the homestead, the treasurer shall provide  
5 for the method of allocation of a credit and may refund any excess  
6 to the taxpayer in lieu of applying the credit against the land  
7 value tax due on parcels comprising the homestead.

8 (7) A system of credits authorized under this section is  
9 available against taxes levied under this act from the first year  
10 in which a tax is imposed under this act and for each following  
11 year until there has been a transfer of ownership of the land  
12 subject to the land value tax and the taxable value of the land is  
13 subject to the adjustment described in section 27a(3) of the  
14 general property tax act, 1893 PA 206, MCL 211.27a.

15 Sec. 10. (1) Each eligible property and any adjacent property  
16 may receive a credit against the land value tax of a qualified city  
17 on the eligible property and any adjacent property in an amount  
18 equal to the product of the minimum parking area percentage  
19 multiplied by the land value tax for the tax year, after  
20 application of any credit permitted against land value taxes under  
21 section 9, on the eligible property and any adjacent property.

22 (2) A credit under this section must not exceed either of the  
23 following amounts:

24 (a) The land value tax for the tax year imposed on the  
25 eligible property and any adjacent property, in aggregate, after  
26 application of the credits permitted under section 9.

27 (b) The amount by which the land value tax of a qualified city  
28 for the tax year on the eligible property and any adjacent  
29 property, in aggregate, exceeds all certified ad valorem and



1 specific taxes that would be levied on the taxable value of that  
 2 property if the land value tax levied under this act were not  
 3 levied.

4 (3) An owner of eligible property must annually apply to the  
 5 treasurer of the qualified city for certification of the amount of  
 6 credit under this section to be applied against the land value tax  
 7 on the eligible property and any adjacent property for the land  
 8 value tax of a qualified city imposed in the year of an approved  
 9 application. An application for a credit authorized under this  
 10 section must be submitted in a form and manner prescribed by the  
 11 treasurer of the qualified city and must be submitted after  
 12 December 31 and before April 1 of the year for which the  
 13 application will be applied. The application must provide for the  
 14 method of allocation of a credit under this section if the credit  
 15 authorized exceeds the total amount of land value tax imposed on  
 16 the eligible property or any adjacent property individually.

17 (4) As used in this section:

18 (a) "Adjacent property" means land immediately adjacent and  
 19 contiguous, including property that may be separated by a public  
 20 right-of-way, to eligible property if that immediately adjacent and  
 21 contiguous land meets all of the following criteria:

22 (i) The owner of the property is under common control with the  
 23 owner of the eligible property. For the purposes of this  
 24 subparagraph, an owner is under common control if the owner of the  
 25 eligible property holds, directly or indirectly, the majority  
 26 voting or ownership interest in the controlled entity.

27 (ii) The property includes a portion of its area that is  
 28 required to be used for accessory parking without charge or  
 29 assessment of any fee to the user under the zoning ordinances of



1 the qualified city, not to exceed the accessory parking  
2 requirements in effect as of the date the land value tax is adopted  
3 by the qualified city.

4 (iii) The property has a separate parcel identification number  
5 from the eligible property.

6 (b) "Eligible property" means land subject to tax imposed by a  
7 qualified city under this act that meets all of the following  
8 criteria:

9 (i) The property is not designed or used as a single-family or  
10 2-family dwelling.

11 (ii) The property includes a structure used for the purpose of  
12 an operating business that is open to the public, its employees,  
13 its customers, or its residents.

14 (iii) The property includes a portion of its area that is  
15 required to be used for accessory parking without charge or  
16 assessment of any fee to the user under the zoning ordinances of  
17 the qualified city, not to exceed the accessory parking  
18 requirements in effect as of the date the land value tax is adopted  
19 by the qualified city.

20 (c) "Minimum parking area percentage" means the product of the  
21 following divided by the total land acreage of the eligible  
22 property and any adjacent property:

23 (i) The lesser of the actual number of accessory parking stalls  
24 located on the eligible property and the adjacent property or the  
25 number of accessory parking stalls required, and to the extent not  
26 waived, for the eligible property under the qualified city's zoning  
27 ordinance that are located on the eligible property and the  
28 adjacent property.

29 (ii) The number of square feet for each accessory parking stall



1 required for the eligible property, inclusive of required access  
 2 aisles, the entirety of which must not exceed 350 square feet per  
 3 accessory parking stall, divided by 43,560 square feet.

4 Sec. 11. (1) Subject to the limitations of this section,  
 5 eligible agricultural property and publicly dedicated property is  
 6 exempt from a land value tax levied under this act.

7 (2) A city's assessor shall approve an application to  
 8 designate real property as either eligible agricultural property or  
 9 publicly designated property exempt under this section if all of  
 10 the following conditions are met:

11 (a) The property meets the definition of eligible agricultural  
 12 property or publicly designated property under subsection (7) as of  
 13 December 31 of the year immediately preceding the year for which  
 14 the exemption would first apply.

15 (b) The applicant seeking the exemption applies to the  
 16 assessor, in a form prescribed by the assessor, for the exemption  
 17 on or after January 1 and before May 1 of the year for which the  
 18 exemption would first apply.

19 (c) The applicant seeking the exemption submits an affidavit,  
 20 in a form prescribed by the assessor, that includes all of the  
 21 following information:

22 (i) Evidence as prescribed by the affidavit form that the  
 23 applicant is the owner of the real property for which the exemption  
 24 is sought.

25 (ii) Evidence as prescribed by the affidavit form that the real  
 26 property for which an exemption is sought qualifies as eligible  
 27 agricultural property or as a publicly designated property.

28 (d) The applicant for an exemption under this section submits  
 29 a list of properties for which an exemption is sought, including



1 any property identification required by the assessor.

2 (e) For an application for an exemption of eligible  
3 agricultural property, not more than 15 acres of property of any  
4 owner may be submitted and designated as eligible agricultural  
5 property.

6 (f) For an application for an exemption of publicly dedicated  
7 property, not more than 5 acres of property of any owner may be  
8 submitted and designated as publicly dedicated property.

9 (g) For an exemption of publicly dedicated property, the owner  
10 has agreed to a development rights agreement or easement with the  
11 qualified city for an initial term of not less than 5 years.

12 (3) After approval of an exemption by the assessor for any  
13 parcel of property, the exemption remains in effect until the tax  
14 year immediately succeeding either of the following:

15 (a) A transfer of ownership of the property in a manner that  
16 would require the filing of a notice of the transfer of ownership  
17 under section 27a of the general property tax act, 1893 PA 206, MCL  
18 211.27a.

19 (b) A change of use of the property that would disqualify the  
20 property as eligible agricultural property or as publicly dedicated  
21 property.

22 (c) Absent notice from the owner of either occurrence  
23 described in subdivision (a) or (b), a revocation of the exemption  
24 by the assessor if the assessor discovers the occurrence.

25 (4) The assessor shall review any property for which an  
26 exemption has been provided under this section every 3 years after  
27 the year in which the exemption is approved.

28 (5) After termination of an exemption under subsection (3), an  
29 owner of the property may submit a new application for an exemption



1 under this section.

2 (6) A development rights agreement or easement required under  
 3 subsection (2)(g) must be subject to terms agreed to by the  
 4 qualified city, must not permit an action that would materially  
 5 impair the character of the land involved, and must include  
 6 restrictions and limitations consistent with those in section  
 7 36103(2) to (4) and section 36105(2)(a) to (e) of the natural  
 8 resources and environmental protection act, 1994 PA 451, MCL  
 9 324.36103 and 324.36105.

10 (7) As used in this section:

11 (a) "Agricultural use" means a use for purposes considered an  
 12 agricultural use under section 36101 of the natural resources and  
 13 environmental protection act, 1994 PA 451, MCL 324.36101, to the  
 14 extent the use also meets the requirements under land use  
 15 ordinances of a qualified city for use as 1 or more of the  
 16 following:

17 (i) A farmer's market.

18 (ii) An urban garden.

19 (iii) An urban farm.

20 (b) "Eligible agricultural property" means unoccupied property  
 21 and related buildings located on property that meets all of the  
 22 following criteria:

23 (i) More than 50% of the parcel's acreage is devoted to  
 24 agricultural use.

25 (ii) Any portion of the property that is not devoted to  
 26 agricultural use is used for a purpose that would be considered a  
 27 permissible use for publicly dedicated property, but for which a  
 28 development rights agreement or easement is not required.

29 (iii) The property is classified as agricultural under section



1 34c of the general property tax act, 1893 PA 206, MCL 211.34c, or  
 2 the owner of the property has filed the affidavit required under  
 3 section 7ee of the general property tax act, MCL 1893 PA 206, MCL  
 4 211.7ee, if the property is not classified as agricultural under  
 5 section 34c of the general property tax act, 1893 PA 206, MCL  
 6 211.34c.

7 (iv) All permits required by the qualified city for use of the  
 8 property for an agricultural use have been obtained by the owner.

9 (v) The property is not used for commercial storage,  
 10 commercial processing, commercial distribution, commercial  
 11 marketing, or commercial shipping operations or other commercial or  
 12 industrial purposes.

13 (vi) The property is not otherwise exempt from the land value  
 14 tax.

15 (c) "Owner" means any of the following:

16 (i) A person in whom real property is titled, as evidenced by a  
 17 recorded deed for the property.

18 (ii) The holder, directly or indirectly, of a majority voting  
 19 or ownership interest in an entity in which real property is  
 20 titled, as evidenced by a recorded deed for the property.

21 (iii) The holder of rights to real property as a buyer under a  
 22 land contract.

23 (iv) A person that owns property as a result of being a  
 24 beneficiary of a will or trust or as a result of intestate  
 25 succession.

26 (d) "Publicly dedicated property" means any land of not  
 27 greater than 5 contiguous acres that, if preserved in its present  
 28 state under conditions that may be established under a development  
 29 rights agreement or easement approved by a qualified city, is not



1 used for private purposes and is serving or accomplishing 1 or more  
2 of the following purposes:

3 (i) Conservation of natural or scenic resources other than  
4 plantings, vegetation, and trees on property classified as  
5 residential under section 34c of the general property tax act, 1893  
6 PA 206, MCL 211.34c, but including the conservation of soils,  
7 wetlands, waterfront, and beaches.

8 (ii) Enhancement of recreational opportunities or access to  
9 recreational opportunities.

10 (iii) Educational opportunities that will instruct the public on  
11 the conservation of natural resources and sustainable agricultural  
12 use of land.

13 Sec. 12. If any portion of this act or application of any  
14 portion of this act to any person, property, or circumstance is  
15 found to be invalid by a court, the invalidity must not affect the  
16 remaining portions or applications of this act that can be given  
17 effect without the invalid portions or application if the remaining  
18 portions are not determined by the court to be inoperable without  
19 application of the invalid provisions. The provisions of this act  
20 are severable. A qualified city or qualified local unit of  
21 government may take action to adjust provisions of the land value  
22 tax to address and correct an invalidity of the application of the  
23 land value tax to any person, property, or circumstance that has  
24 been found by a court.

25 Sec. 13. This act must be construed to effectuate the  
26 legislative intent and the purposes of this act as complete and  
27 independent authorization for the performance of every act and  
28 thing authorized in this act, and all powers granted in this act  
29 must be broadly interpreted to effectuate the intent and purposes





1 of this act and not as to limitation of powers.

2       Sec. 14. An injunction may not be issued to stay proceedings  
3 for the assessment, levy, or collection of a tax under this act.

4       Enacting section 1. This act does not take effect unless all  
5 of the following bills of the 102nd Legislature are enacted into  
6 law:

7       (a) House Bill No. 4967.

8       (b) House Bill No. 4968.

9       (c) House Bill No. 4969.

10       (d) House Bill No. 4970.

