

Act No. 363
Public Acts of 1994
Approved by the Governor
December 26, 1994
Filed with the Secretary of State
December 27, 1994

**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1994**

Introduced by Rep Gubow

ENROLLED HOUSE BILL No. 5846

AN ACT to amend section 15a of Act No 346 of the Public Acts of 1966 entitled as amended An act to create a state housing development authority to define the powers and duties of the authority to establish a housing development revolving fund to establish a land acquisition and development fund to establish a rehabilitation fund to establish a conversion condominium fund to authorize the making and purchase of loans deferred payment loans and grants to qualified developers sponsors individuals mortgage lenders and municipalities to establish and provide acceleration and foreclosure procedures to provide tax exemption to authorize payments in lieu of taxes by nonprofit housing corporations consumer housing cooperatives limited dividend housing corporations mobile home park corporations and mobile home park associations and to prescribe criminal penalties for violations of this act as amended by Act No 217 of the Public Acts of 1983 being section 125 1415a of the Michigan Compiled Laws

The People of the State of Michigan enact

Section 1 Section 15a of Act No 346 of the Public Acts of 1966 as amended by Act No 217 of the Public Acts of 1983 being section 125 1415a of the Michigan Compiled Laws is amended to read as follows

Sec 15a (1) If a housing project owned by a nonprofit housing corporation consumer housing cooperative limited dividend housing corporation mobile home park corporation or mobile home park association is financed with a federally aided or authority aided mortgage or advance or grant from the authority then except as provided in this section the housing project is exempt from all ad valorem property taxes imposed by this state or by any political subdivision public body or taxing district in which the project is located The owner of a housing project eligible for the exemption shall file with the local assessing officer a notification of the exemption which shall be in an affidavit form as provided by the authority The completed affidavit form first shall be submitted to the authority for certification by the authority that the project is eligible for the exemption The owner then shall file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin

(2) The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes Subject to subsection (6) the amount to be paid as a service charge in lieu of taxes shall be for new construction projects the greater of and for rehabilitation projects the lesser of the tax on the property on which the project is located for the tax year before the date when construction or rehabilitation of the project was commenced or 10% of the annual shelter rents obtained from the project A municipality by ordinance may establish or change by any amount it chooses the service charge to be paid in lieu of taxes by all or any class of housing projects exempt from taxation under this act However the service charge shall not exceed the taxes that would be paid but for this act

(3) The exemption from taxation granted by this section shall remain in effect for as long as the federally aided or authority aided mortgage or advance or grant from the authority is outstanding but not more than 50 years. The municipality may establish by ordinance a different period of time for the exemption to remain in effect.

(4) Except as otherwise provided in this subsection, any payments for public services received by a municipality in lieu of taxes under this section shall be distributed by the municipality to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. For payments in lieu of taxes collected after June 30, 1994, the distribution to the several units shall be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for those purposes in 1993 minus the number of mills levied under the state education tax act, Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws for the year for which the distribution is calculated. For tax years after 1993, the amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection shall not be distributed to the local school district but instead shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(5) Notwithstanding subsection (1), a municipality may provide by ordinance that the tax exemption established in subsection (1) shall not apply to all or any class of housing projects within its boundaries to which subsection (1) applies. If the municipality makes that provision, the tax exemption established in subsection (1) shall not apply to the class of housing projects designated in the ordinance. If the ordinance so provides, the ordinance shall be effective with respect to housing projects for which an exemption has already been granted on December 31 of the year in which the ordinance is adopted but not before. A municipality that has adopted an ordinance described in this subsection may repeal that ordinance, and the repeal shall become effective on the date designated in the repealing ordinance.

(6) Notwithstanding subsection (2), the service charge to be paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1) and that is occupied by other than low income persons or families shall be equal to the full amount of the taxes that would be paid on that portion of the project if the project were not tax exempt. The benefits of any tax exemption granted under this section shall be allocated by the owner of the housing project exclusively to low income persons or families in the form of reduced housing charges.

(7) For purposes of this section only, low income persons and families means with respect to any housing project that is tax exempt, persons and families eligible to move into that project. For purposes of this subsection, the authority may promulgate rules to redefine low income persons or families for each municipality on the basis of conditions existing in that municipality.

(8) This state shall not reimburse any unit of government for a tax exemption granted to any housing project under this section.

Section 2. The provisions of this amendatory act providing that the exemption from taxes provided in section 15a of this act be limited to ad valorem property taxes are curative, expressing the original intent of the legislature that the exemption extends only to ad valorem property taxes and does not apply to the other taxes levied under Michigan law.

This act is ordered to take immediate effect.

Co Clerk of the House of Representatives

Secretary of the Senate

Approved

Governor