



# HOUSE BILL No. 5846

November 10, 1994, Introduced by Rep Gubow and referred to the Committee on Taxation

A bill to amend section 15a of Act No 346 of the Public Acts of 1966 entitled as amended

State housing development authority act of 1966 ' 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

1 Section 1 Section 15a of Act No 346 of the Public Acts of  
2 1966 as amended by Act No 217 of the Public Acts of 1983 being  
3 section 125 1415a of the Michigan Compiled Laws is amended to  
4 read as follows

5 Sec 15a (1) ~~Whenever~~ IF a housing project owned by a  
6 nonprofit housing corporation consumer housing cooperative  
7 limited dividend housing corporation mobile home park  
8 corporation or mobile home park association is financed with a  
9 federally-aided or authority-aided mortgage or advance or grant

1 from the authority then except as provided in this section the  
2 housing project ~~shall be~~ IS exempt from all taxes imposed by  
3 this state or by any political subdivision, public body, or  
4 taxing district in which the project is located The owner of a  
5 housing project eligible for the exemption shall file with the  
6 local assessing officer a notification of the exemption, which  
7 shall be in an affidavit form as provided by the authority The  
8 completed affidavit form FIRST shall ~~first~~ be submitted to the  
9 authority for certification by the authority that the project is  
10 eligible for the exemption The owner THEN shall ~~then~~ file the  
11 certified notification of the exemption with the local assessing  
12 officer before November 1 of the year preceding the tax year in  
13 which the exemption is to begin

14 (2) The owner of a housing project exempt from taxation  
15 under this section shall pay to the municipality in which the  
16 project is located an annual service charge for public services  
17 in lieu of all taxes ~~The~~ SUBJECT TO SUBSECTION (6) THE  
18 amount to be paid as a service charge in lieu of taxes shall be  
19 for new construction projects the greater of, and for rehabilita-  
20 tion projects the lesser of, the tax on the property on which the  
21 project is located for the tax year before the date when con-  
22 struction or rehabilitation of the project was commenced ~~—~~ or  
23 10% of the annual shelter rents obtained from the project A  
24 municipality by ordinance may establish or change, by any  
25 amount it chooses the service charge to be paid in lieu of taxes  
26 by all or any class of housing projects exempt from taxation

1 under this act However the service charge shall not exceed the  
2 taxes that would be paid but for this act

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

9 (4) ~~Any~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION  
10 ANY payments for public services received by a municipality in  
11 lieu of taxes under this section shall be distributed by the  
12 municipality to the several units levying the general property  
13 tax in the same proportion as prevailed with the general property  
14 tax in the previous calendar year FOR PAYMENTS IN LIEU OF TAXES  
15 COLLECTED PURSUANT TO A CERTIFIED NOTIFICATION OF EXEMPTION  
16 ISSUED UNDER THIS SECTION BEFORE JANUARY 1 1994 THE DISTRIBU-  
17 TION TO THE SEVERAL UNITS SHALL BE MADE AS IF THE NUMBER OF MILLS  
18 LEVIED FOR LOCAL SCHOOL DISTRICT OPERATING PURPOSES WERE EQUAL TO  
19 THE NUMBER OF MILLS LEVIED FOR THOSE PURPOSES IN 1993 BEGINNING  
20 IN 1994 THE AMOUNT OF PAYMENTS IN LIEU OF TAXES TO BE DISTRIB-  
21 UTED TO A LOCAL SCHOOL DISTRICT UNDER THIS SUBSECTION EXCEPT FOR  
22 THAT AMOUNT ATTRIBUTABLE TO MILLS LEVIED UNDER SECTION 1211(2) OR  
23 1211C OF THE SCHOOL CODE OF 1976, ACT NO 451 OF THE PUBLIC ACTS  
24 OF 1976 BEING SECTIONS 380 1211 AND 380 1211C OF THE MICHIGAN  
25 COMPILED LAWS AND TO MILLS THAT ARE NOT INCLUDED AS MILLS LEVIED  
26 FOR SCHOOL OPERATING PURPOSES UNDER SECTION 1211 OF ACT NO 451  
27 OF THE PUBLIC ACTS OF 1976 SHALL NOT BE DISTRIBUTED TO THE LOCAL

1 SCHOOL DISTRICT BUT INSTEAD SHALL BE PAID TO THE STATE TREASURY  
 2 AND CREDITED TO THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION  
 3 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963

4 (5) Notwithstanding subsection (1) a municipality may pro-  
 5 vide by ordinance that the tax exemption established in subsec-  
 6 tion (1) shall not apply to all or any class of housing projects  
 7 within its boundaries to which subsection (1) applies If the  
 8 municipality makes that provision the tax exemption established  
 9 in subsection (1) shall not apply to the class of housing  
 10 projects designated in the ordinance If the ordinance so pro-  
 11 vides ~~it~~ THE ORDINANCE shall be effective with respect to  
 12 housing projects for which an exemption has already been granted  
 13 on December 31 of the year in which the ordinance is adopted but  
 14 not before A municipality ~~which~~ THAT has adopted an ordinance  
 15 described in this subsection may repeal that ordinance and the  
 16 repeal shall become effective on the date designated in the  
 17 repealing ordinance

18 (6) Notwithstanding subsection (2) the service charge to be  
 19 paid each year in lieu of taxes for that part of a housing  
 20 project ~~which~~ THAT is tax exempt under subsection (1) and  
 21 ~~which~~ THAT is occupied by other than low income persons or fam-  
 22 ilies shall be equal to the full amount of the taxes ~~which~~ THAT  
 23 would be paid on that portion of the project if the project were  
 24 not tax exempt The benefits of any TAX exemption granted under  
 25 this section shall be allocated by the owner of the housing  
 26 project exclusively to low income persons or families in the form  
 27 of reduced housing charges

1       (7) For purposes of this section only low income persons  
2 and families means with respect to any housing project ~~which~~  
3 THAT is tax exempt persons and families eligible to move into  
4 that project For purposes of this subsection the authority may  
5 promulgate rules to redefine low income persons or families for  
6 each municipality on the basis of conditions existing in that  
7 municipality  
8       (8) This state shall not reimburse any unit of government  
9 for a tax exemption granted to any housing project under this  
10 section