

SUBSTITUTE FOR
HOUSE BILL NO. 4649
(As amended March 16, 2004)

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
(MCL 211.1 to 211.157) by adding section 7hh.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7hh. (1) The governing body of a local [governmental]
2 unit may by resolution exempt from the collection of taxes under
3 this act new construction on eligible [principal residence] property used
 as
4 a living area to the extent provided in subsection (5) and for
5 the period provided in subsection (6). [The resolution may include all
 or portions of the local governmental unit.]
6 (2) Before acting on the resolution, the clerk of the local
7 [governmental] unit shall notify in writing the assessor of [each]
8 local tax collecting unit [in the local governmental unit] and the
 legislative body of each taxing
9 [jurisdiction] that levies ad valorem property taxes in the local [
10 governmental] unit and shall set a date for a public hearing on the
11 adoption of the resolution. Notice of the public hearing shall

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1 be published twice in a newspaper of general circulation in the
2 local [governmental] unit, not less than 20 nor more than 40 days
3 before the date of the hearing. The notice shall state the date,
4 time, and place of the hearing. At that hearing, a citizen,
5 taxpayer, official from a taxing jurisdiction that levies ad
6 valorem property taxes in the local [governmental] unit, or a
7 property owner of the local [governmental] unit has the right to
8 be heard in regard to the exemption under this section.

9 (3) Not more than 30 days after the public hearing, if the
10 governing body of the local [governmental] unit intends to
11 proceed with the exemption, the governing body shall adopt, by
12 majority vote of its members elected and serving, a resolution
13 granting the exemption. The adoption of the resolution is
14 subject to all applicable statutory or charter provisions with
15 respect to the approval or disapproval by the chief executive or
16 other officer of the local [governmental] unit and the adoption
17 of a resolution over his or her veto. This resolution shall be
18 filed with the secretary of state promptly after its adoption.

19 (4) The proceedings establishing the exemption shall be
20 presumptively valid unless contested in a court of competent
21 jurisdiction within 60 days after the filing of the resolution
22 with the secretary of state and the state tax commission.

23 (5) New construction eligible for exemption under this
24 section is limited as follows:

25 (a) For eligible [principal residence] property less than 3,000
square
26 feet in area, living area new construction of not more than 50%
27 of the existing living area of that eligible [principal residence]
property.

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1 (b) For eligible [principal residence] property 3,000 square feet or
2 greater in area, living area new construction of not more than
3 25% of the existing living area of that eligible [principal residence]
4 property.

5 (6) The exemption under this section is effective on the
6 December 31 immediately succeeding the adoption of the resolution
7 by the governing body of the local [governmental] unit under
8 subsection (3). The exemption shall continue in effect until the
9 eligible [principal residence] property is transferred or for a period
10 specified in the resolution which shall not be more than 5 years,
11 whichever is sooner. If the eligible [principal residence] property is
12 transferred, the taxable value shall be adjusted under section
13 27a(3). If the eligible [principal residence] property has not been
14 transferred and the period specified in the resolution has
15 expired, the property's taxable value shall be adjusted as
16 provided in section 34d(1)(b)(i).

17 (7) As used in this section:

18 (a) "Eligible [principal residence] property" means a [principal
19 residence] exempt
20 under section 7cc from the tax levied by a local school district
21 for school operating purposes to the extent provided under
22 section 1211 of the revised school code, 1976 PA 451, MCL
23 380.1211, in the year immediately preceding the first year in
24 which living area new construction is exempt under this section.

24 [

25
26 (b) "Living area" means an area of [principal residence] property
used by

27 1 or more persons for domestic residential purposes. Living area

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1 includes, but is not limited to, a bedroom, kitchen, bathroom,
2 living room, family room, den, or enclosed porch.

3 [(c)] "New construction" means that term as defined in section
4 34d(1)(b)(iii).

[(d) "Principal residence" means that term as defined under section
7dd.

5 (e)] "Transferred" means a transfer of ownership as that term
6 is described in section 27a.