

SUBSTITUTE FOR
HOUSE BILL NO. 5538
(As amended May 18, 2004)

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7ii. (1) For taxes levied after December 31, 2004, [except as
2 otherwise limited under subsection (9),]
3 residential development property is exempt from the collection of
4 taxes levied by a local school district for school operating
5 purposes under section 1211 of the revised school code, 1976 PA
6 451, MCL 380.1211, to the same extent that a principal residence
7 is exempt under section 7cc from taxes levied by a local school
8 district for school operating purposes under section 1211 of the
9 revised school code, 1976 PA 451, MCL 380.1211.
10 (2) To claim an exemption under subsection (1), an owner of
11 residential development property shall file an affidavit claiming
12 the exemption with the local tax collecting unit by May 1. The

1 affidavit shall be on a form prescribed by the department of
2 treasury.

3 (3) Upon receipt of an affidavit filed under subsection (2),
4 the assessor shall determine if the real property is residential
5 development property. If the real property is residential
6 development property, the assessor shall exempt the property from
7 the collection of taxes levied by a local school district for
8 school operating purposes under section 1211 of the revised
9 school code, 1976 PA 451, MCL 380.1211, as provided in subsection
10 (1) until December 31 of the year in which the real property is
11 no longer residential development property.

12 (4) Not more than 90 days after all or a portion of the
13 exempted real property is no longer residential development
14 property, an owner shall rescind the exemption for the applicable
15 portion of the real property by filing with the local tax
16 collecting unit a rescission form. The rescission form shall be
17 as prescribed by the department of treasury.

18 (5) An owner of exempted real property that is no longer
19 residential development property who fails to file a rescission
20 form as required under subsection (4) is subject to a penalty of
21 \$5.00 per day for each separate failure beginning after the 90
22 days have elapsed, up to a maximum of \$200.00. This penalty
23 shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and
24 shall be deposited in the state school aid fund established in
25 section 11 of article IX of the state constitution of 1963. This
26 penalty may be waived by the department of treasury.

27 (6) An owner of real property that is residential development

1 property on May 1 for which an exemption was not on the tax roll
2 may file an appeal with the July or December board of review in
3 the year the exemption was claimed or the immediately succeeding
4 year. An owner of real property that is residential development
5 property on May 1 for which an exemption was denied by the
6 assessor in the year the affidavit was filed may file an appeal
7 with the July board of review for summer taxes or, if there is
8 not a summer levy of school operating taxes, with the December
9 board of review.

10 (7) If the assessor of the local tax collecting unit believes
11 that the real property for which an exemption has been granted is
12 not residential development property, the assessor may deny or
13 modify an existing exemption by notifying the owner in writing at
14 the time required for providing a notice under section 24c. A
15 taxpayer may appeal the assessor's determination to the board of
16 review meeting under section 30. A decision of the board of
17 review may be appealed to the residential and small claims
18 division of the Michigan tax tribunal.

19 (8) If an exemption under this section is erroneously
20 granted, an owner may request in writing that the local tax
21 collecting unit withdraw the exemption. If an owner requests
22 that an exemption be withdrawn, the local assessor shall notify
23 the owner that the exemption issued under this section has been
24 denied based on that owner's request. If an exemption is
25 withdrawn, the real property that had been subject to that
26 exemption shall be immediately placed on the tax roll by the
27 local tax collecting unit if the local tax collecting unit has

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1 possession of the tax roll or by the county treasurer if the
2 county has possession of the tax roll as though the exemption had
3 not been granted. A corrected tax bill shall be issued for the
4 tax year being adjusted by the local tax collecting unit if the
5 local tax collecting unit has possession of the tax roll or by
6 the county treasurer if the county has possession of the tax
7 roll. If an owner requests that an exemption under this section
8 be withdrawn before that owner is contacted in writing by the
9 local assessor regarding that owner's eligibility for the
10 exemption and that owner pays the corrected tax bill issued under
11 this subsection within 30 days after the corrected tax bill is
12 issued, that owner is not liable for any penalty or interest on
13 the additional tax. An owner who pays a corrected tax bill
14 issued under this subsection more than 30 days after the
15 corrected tax bill is issued is liable for the penalties and
16 interest that would have accrued if the exemption had not been
17 granted from the date the taxes were originally levied.

[(9) Residential development property shall not be exempt under this
section for more than 3 years from the issuance of an occupancy permit.

18 (10)] As used in this section:

19 (a) "Contiguous" means being in contact along a boundary or a
20 point. Contiguity is not broken by a road, a right-of-way, or
21 property purchased or taken under condemnation proceedings by a
22 public utility for power transmission lines if the 2 parcels
23 separated by the purchased or condemned property were a single
24 parcel prior to the sale or condemnation.

25 (b) "Principal residence" means that term as defined in
26 section 7dd.

27 (c) "Residential development property" means real property

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1 that meets all of the following criteria:

2 (i) Is classified as residential real property under section
3 34c[, except hunting lands located in an area used predominantly for
recreational purposes that are classified as residential real property
pursuant to section 34c(2)(e)(ii)].

4 (ii) Is subject to 1 of the following conditions or is
5 contiguous to and associated with property that is subject to 1
6 of the following conditions:

7 (A) A final plat for the real property is recorded pursuant
8 to the land division act, 1967 PA 288, MCL 560.101 to 560.293,
9 after the effective date of the amendatory act that added this
10 section.

11 (B) A condominium subdivision plan is completed and a master
12 deed for all or a portion of the real property is recorded
13 pursuant to the condominium act, 1978 PA 59, MCL 559.101 to
14 559.276, after the effective date of the amendatory act that
15 added this section.

16 (C) The real property is included in a planned unit
17 development approved under section 16c of the county zoning act,
18 1943 PA 183, MCL 125.216c, section 16c of the township zoning
19 act, 1943 PA 184, MCL 125.286c, or section 4b of the city and
20 village zoning act, 1921 PA 207, MCL 125.584b.

21 (D) The real property is included in a development under an
22 open space preservation provision or similar zoning ordinance
23 provision described in section 16h of the county zoning act, 1943
24 PA 183, MCL 125.216h, section 16h of the township zoning act,
25 1943 PA 184, MCL 125.286h, or section 4f of the city and village
26 zoning act, 1921 PA 207, MCL 125.584f.

27 (iii) A residential dwelling or condominium unit that is

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1 occupied or that has ever been occupied is not located on the
2 real property. Residential development property may include real
3 property on which is located a partially completed residential
4 dwelling, a partially completed condominium unit, a fully
5 completed residential dwelling that is not occupied and has never
6 been occupied, or a fully completed condominium unit that is not
7 occupied and has never been occupied. Residential development
8 property does not include real property on which is located a
9 residential dwelling or condominium unit used for commercial
10 purposes or as an office, showroom, or model.

11 Sec. 7jj. (1) For taxes levied after December 31, 2004, new
12 construction on residential development property is exempt from
13 the collection of taxes under this act.

14 (2) As used in this section:

15 (a) "New construction" means that term as defined in section
16 34d.

17 (b) "Residential development property" means [real property exempt
18 under] section 7ii.