

HOUSE BILL No. 5496

November 28, 2007, Introduced by Rep. Gaffney and referred to the Committee on Tax Policy.

A bill to amend 1953 PA 189, entitled

"An act to provide for the taxation of lessees and users of tax-exempt property,"

by amending section 1a (MCL 211.181a), as added by 2004 PA 324.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1a. (1) Notwithstanding the tax day provided in section 2
2 of the general property tax act, 1893 PA 206, MCL 211.2, and except
3 as limited in subsection (5) and otherwise provided in subsection
4 (7), for taxes levied after December 31, 2004, real and personal
5 property of a qualified start-up business is exempt from taxes
6 levied under this act for each tax year in which all of the
7 following occur:

8 (a) The qualified start-up business applies for the exemption
9 as provided in subsection (2) or (3).

1 (b) The governing body of the local tax collecting unit adopts
2 a resolution approving the exemption as provided in subsection (4).

3 (2) Except as otherwise provided in subsection (3), a
4 qualified start-up business may claim the exemption under this
5 section by filing an affidavit on or before May 1 in each tax year
6 with the assessor of the local tax collecting unit. The affidavit
7 shall be in a form prescribed by the state tax commission. The
8 affidavit shall state that the qualified start-up business was
9 eligible for and claimed the qualified start-up business credit
10 under section 31a of the single business tax act, 1975 PA 228, MCL
11 208.31a, **OR SECTION 415 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA**
12 **36, MCL 208.1415**, for the applicant's last tax year ending before
13 May 1. The affidavit shall include all of the following:

14 (a) A copy of the qualified start-up business's annual return
15 filed under the single business tax act, 1975 PA 228, MCL 208.1 to
16 208.145, **OR THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101**
17 **TO 208.1601**, in which the qualified start-up business claimed the
18 qualified start-up business credit under section 31a of the single
19 business tax act, 1975 PA 228, MCL 208.31a, **OR SECTION 415 OF THE**
20 **MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1415**.

21 (b) A statement authorizing the department of treasury to
22 release information contained in the qualified start-up business's
23 annual return filed under the single business tax act, 1975 PA 228,
24 MCL 208.1 to 208.145, **OR THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36,**
25 **MCL 208.1101 TO 208.1601**, that pertains to the qualified start-up
26 business credit claimed under section 31a of the single business
27 tax act, 1975 PA 228, MCL 208.31a, **OR SECTION 415 OF THE MICHIGAN**

1 **BUSINESS TAX ACT, 2007 PA 36, MCL 208.1415.**

2 (3) If a qualified start-up business applies for an extension
3 for filing its annual single business tax return under section 73
4 of the single business tax act, 1975 PA 228, MCL 208.73, **OR SECTION**
5 **505 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1505**, the
6 qualified start-up business may claim the exemption under this
7 section after May 1 if all of the following conditions are met:

8 (a) The governing body of the local tax collecting unit adopts
9 a resolution under subsection (4)(b) approving the exemption for
10 all qualified start-up businesses that apply for an extension for
11 filing the annual single business tax return under section 73 of
12 the single business tax act, 1975 PA 228, MCL 208.73, **OR SECTION**
13 **505 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1505.**

14 (b) The qualified start-up business submits a copy of its
15 application for an extension for filing its annual single business
16 tax return under section 73 of the single business tax act, 1975 PA
17 228, MCL 208.73, **OR SECTION 505 OF THE MICHIGAN BUSINESS TAX ACT,**
18 **2007 PA 36, MCL 208.1505**, and the affidavit described in subsection
19 (2) to the December board of review provided in section 53b of the
20 general property tax act, 1893 PA 206, MCL 211.53b. For purposes of
21 section 53b of the general property tax act, 1893 PA 206, MCL
22 211.53b, an exemption granted under this subsection shall be
23 considered the correction of a clerical error.

24 (4) On or before its last meeting in May in each tax year, the
25 governing body of a local tax collecting unit may adopt a
26 resolution approving the exemption provided in this section. The
27 clerk of the local tax collecting unit shall notify in writing the

1 assessor of the local tax collecting unit and the legislative body
2 of each taxing unit that levies ad valorem property taxes in the
3 local tax collecting unit. Before acting on the resolution, the
4 governing body of the local tax collecting unit shall afford the
5 assessor and a representative of the affected taxing units an
6 opportunity for a hearing. A resolution approving the exemption
7 provided in this section may be for 1 or both of the following:

8 (a) One or more of the individual qualified start-up
9 businesses that claim the exemption under this section by filing an
10 affidavit on or before May 1 as provided in subsection (2).

11 (b) All qualified start-up businesses that claim the exemption
12 under this section after May 1 as provided in subsection (3).

13 (5) A qualified start-up business shall not receive the
14 exemption under this section for more than a total of 5 tax years.
15 A qualified start-up business may receive the exemption under this
16 section in nonconsecutive tax years.

17 (6) If an exemption under this section is erroneously granted,
18 the tax rolls shall be corrected for the current tax year and the 3
19 immediately preceding tax years. The property that had been subject
20 to that exemption shall be immediately placed on the tax roll by
21 the local tax collecting unit if the local tax collecting unit has
22 possession of the tax roll or by the county treasurer if the county
23 has possession of the tax roll as though the exemption had not been
24 granted. A corrected tax bill shall be issued for the tax year
25 being adjusted by the local tax collecting unit if the local tax
26 collecting unit has possession of the tax roll or by the county
27 treasurer if the county has possession of the tax roll. If an owner

1 pays the corrected tax bill issued under this subsection within 60
2 days after the corrected tax bill is issued, that owner is not
3 liable for any penalty or interest on the additional tax. If an
4 owner pays a corrected tax bill issued under this subsection more
5 than 60 days after the corrected tax bill is issued, the owner is
6 liable for the penalties and interest that would have accrued if
7 the exemption had not been granted from the date the taxes were
8 originally levied.

9 (7) Real and personal property of a qualified start-up
10 business is not exempt from collection of the following:

11 (a) A special assessment levied by the local tax collecting
12 unit in which the property is located.

13 (b) Ad valorem property taxes specifically levied for the
14 payment of principal and interest of obligations approved by the
15 electors or obligations pledging the unlimited taxing power of the
16 local governmental unit.

17 (c) A tax levied under section 705 or 1212 of the revised
18 school code, 1976 PA 451, MCL 380.705 and 380.1212.

19 (8) As used in this section, "qualified start-up business"
20 means that term as defined in section 31a of the single business
21 tax act, 1975 PA 228, MCL 208.31a, **OR SECTION 415 OF THE MICHIGAN**
22 **BUSINESS TAX ACT, 2007 PA 36, MCL 208.1415.**