

Chapter 82 TAXATION*

***Cross reference(s)**--Any ordinance not codified in this Code that levies, imposes or otherwise relates to taxes, exemption from taxes and fees in lieu of taxes saved from repeal, § 1-11(a)(14); administration, ch. 2; finance, § 2-231 et seq.

ARTICLE I. IN GENERAL

Sec. 82-1. Industrial, commercial and residential facilities tax exemptions.

- (a) *Finding and declaration of fact; purpose of section.* The city processes applications and monitors compliance, for several tax exemptions afforded by state law. These include the following:
- (1) Applications and continued monitoring for the establishment of districts and the issuance of industrial facilities tax exemption certificates pursuant to Public Act No. 198 of 1974 (MCL 207.551 et seq.);
 - (2) Applications and continued monitoring for the establishment of districts and the issuance of commercial facilities tax exemption certificates pursuant to Public Act No. 255 of 1978 (now repealed);
 - (3) Applications and continued monitoring for qualification of businesses pursuant to the Enterprise Zone Act (MCL 125.2101 et seq.);
 - (4) Applications and continued monitoring of grants of exemptions under section 15a of Public Act No. 346 of 1946 (MCL 125.1415a) or its successor;
 - (5) Applications and continued monitoring of exemptions under the Neighborhood Enterprise Zone Act (MCL 207.771 et seq.).

The review of applications and subsequent monitoring thereof during the period of any exemption required under the above statutes involves expenditure of staff time, publication and mailing fees, investigations and review. It is the purpose of this section to establish fees to be paid by each applicant for each such application to reimburse the city for such expenditure. The fees are determined to reflect the actual costs of the city's responsibilities regarding such applications, or are specifically authorized by statute.

- (b) *Fees.* All fees for processing applications, requests for creation of districts, applications for transfers, and any other actions requested pursuant to this section shall be determined by the city commission by resolution, and set forth in the city's master fee resolution.

(Code 1975, § 2-6.1; Ord. No. 1185, § 1, 3-9-1999; Ord. No. 1193, 8-10-1999)

State law reference(s)--Application fee for industrial facilities authorized, MCL 207.555(3).

Secs. 82-2--82-30. Reserved.

ARTICLE II. AD VALOREM PROPERTY TAXATION*

*State law reference(s)--General Property Tax Act, MCL 211.1 et seq.

DIVISION 1. GENERALLY

Secs. 82-31--82-45. Reserved.

DIVISION 2. RESIDENTIAL HOUSING PROJECTS AND PAYMENTS IN LIEU OF TAXES*

*State law reference(s)--Housing project tax exemption and service charges, MCL 125.1415a.

Sec. 82-46. Definitions.

The following words, terms and phrases when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Authority means the state housing development authority.

Contract rents means all rents in the housing project expected either directly from a tenant or by subsidy, vendor payments or paid by a government or other assisting entity on behalf of a tenant to the owner or owner's designee or agent of a housing project. Contract rents include the rental amounts to be currently charged for units in the housing project, whether a unit is vacant or not, and whether or not the rent is actually paid. Contract rents also include the rentals to be paid for additional facilities by tenants, such as carports or garages, and further include miscellaneous income, such as income from vending machines or laundry equipment. The portion of additional facility rents and miscellaneous income to be attributed to contract rents shall be determined by reference to the floor plan of the facility which includes and clearly exhibits the housing project (therefore the exempt portion of the facility), and the portion of contract rents shall be determined by the ratio of the housing project square footage to the entire square footage of the facility. The term "contract rents" does not include charges for utilities.

Elderly persons means persons determined by Authority Guidelines, Rules, and practices to have attained the age and have the status to constitute them as elderly persons.

Housing project means a residential facility consisting of rental units offered to the following persons; it does not mean the portion of any facility which is not so occupied:

- (1) Elderly persons as defined in this section.
- (2) Low income persons and families as defined by the authority.

HUD means The United States Department of Housing and Urban Development.

Low income persons and families means all low income persons and families included in the definitions found at section 15a(7) of Public Act No. 346 of 1966 (MCL 125.1415a(7)).

Mortgage loan means a loan made by the authority or HUD to the sponsor for the construction and permanent financing of a housing project.

Service charge means the same as payment in lieu of taxes.

Sponsor means a developer of a housing project. The term "sponsor" includes an applicant for exemption under this division.

Utilities means public water, public sanitary sewer, gas or electric service. The term "utilities" does not include cable or other television services, telephone or communication utilities or solid waste services.

(Code 1975, § 2-6(c); Ord. No. 2072, 4-9-02)

Cross reference(s)--Definitions generally, § 1-2.

Sec. 82-47. General denial of exemption.

The exemption from ad valorem property taxes provided by section 15a of Public Act No. 346 of 1966 (MCL 125.1415a) shall not apply to all or any class of housing projects within the city boundaries except as provided in this division.

(Code 1975, § 2-6(a))

State law reference(s)--Authority to so provide, MCL 125.1415a(5).

Sec. 82-48. Limited exemption stated.

A limited exemption, only if authorized by Public Act No. 346 of 1966 (MCL 125.1401 et seq.), is hereby granted, limited however to the projects described and authorized by this division and further having a signed contract with the city pursuant to this division entered into by the city in its sole discretion. No other residential project, even if authorized by Public Act No. 346 of 1966 (MCL 125.1401 et seq.), shall be entitled to an exemption.

(Code 1975, § 2-6(b))

Sec. 82-49. Ownership entities recognized.

No housing project shall be eligible for an exemption under this division unless it is owned by a nonprofit housing corporation, consumer housing cooperative, or limited dividend housing corporation as described in section 15a of Public Act No. 346 of 1966 (MCL 125.1415a). The exemption shall not be available to mobile home park corporations or mobile home park associations.

(Code 1975, § 2-6(d))

Sec. 82-50. Housing projects eligible.

The following housing projects shall be eligible for the exemption in the city:

- (1) Housing projects receiving direct mortgage loans from HUD or the authority for at least 70 percent of the total construction or rehabilitation costs of the housing project.
- (2) Housing projects where at least 70 percent of the total construction or rehabilitation costs of the housing project come from the proceeds of a grant or advance of funds from the authority.
- (3) Housing projects in which at least 70 percent of the total construction or rehabilitation costs of the housing project are funded by the net proceeds from an authority-aided mortgage loan, but only where the authority aid consists of the allocation of tax credits from the authority to the applicant for the exemption.

(Code 1975, § 2-6(e))

Sec. 82-51. Payment in lieu of taxes; amount; standards for determination.

The payments in lieu of taxes to be made by housing projects exempt from ad valorem taxes under this division are hereby established by the city pursuant to section 15a of Public Act No. 346 of 1966 (MCL 125.1415a), without regard to the amounts otherwise set forth in such section of this act. The service charge to be paid in lieu of taxes by any housing project exempt under this division shall be determined as follows:

- (1) *Amount.* The service charge shall be in an amount no less than four percent nor more than 20 percent of the contract rents charged for the total of all units in the (exempt) housing project, whether the units are occupied or not and whether or not the rents are paid. In no event shall the service charge exceed the ad valorem real property taxes which would be paid for the housing project if it were not exempt.
- (2) *Standards for determining the amount of the payment in lieu of taxes.* In determining the amount of service charge (not less than the minimum) which will be paid the city for a housing project exempt under this division the following standards shall guide the city. All criteria which apply shall be considered to arrive at the service charge:
 - a. In the event the housing project or a substantial part thereof is located in a rehabilitated structure, for that portion of the project found in the rehabilitated structure the city shall establish a lower service charge.
 - b. In the event the housing project is located in an area of the city which is part of a tax increment district and removes taxable property from the tax roll, the city shall establish a higher service charge.
 - c. The city shall consider the number of exempt units as compared to nonexempt units which are attached or contiguous to the housing project, but which are developed simultaneously with it by the same developer. To the extent that nonexempt units, including units calling for market rents, are included in the development, the city shall consider lowering the rate of the service charge on the

exempt units.

- d. In the event the housing project is proximate to nonsubsidized and nonexempt housing which is not part of any project for which the developer of the exempt housing project is responsible, the city shall establish a higher service charge.
 - e. In the event the housing project is eligible for other property tax abatements or reductions of any kind, or municipal benefits not generally available to residential properties, the city shall establish a higher service charge.
 - f. In the event the housing project results in an increase in the need for public services such as water or sewer extensions, public transportation services, additional snow plowing, police and fire services, or increased school populations, the city shall establish a higher service charge.
 - g. In the event the city determines that the housing project will result in significantly increased traffic generation or street or highway safety problems, the city shall establish a higher service charge.
- (3) *Property or unit becoming ineligible.* In the event any residential unit is found to be occupied by persons who are not eligible to occupy exempt units under this division, the service charge for that unit, prorated, shall equal the general property taxes which would be payable (prorata) for that unit. In the event the city determines that more than 50 percent of the units in the housing project are occupied by such ineligible persons, then the entire housing project shall be immediately liable for a service charge in an amount equal to the ad valorem property taxes which would otherwise be charged by tax bills normally issuing in the year of the city's determination.

(Code 1975, § 2-6(f))

State law reference(s)--Service charge authorized, MCL 125.1415a(2).

Sec. 82-52. Term of exemption.

The exemption term shall begin on the tax day of the year in which a final certificate of compliance or occupancy is issued by the city, therefore affecting the taxes due in the following year, and shall terminate on the happening of any of the following:

- (1) Refinancing of the authority-aided, or authority or HUD mortgage loan, except to convert from a construction to an end loan.
- (2) Any violation or default under this division.
- (3) The day falling 25 years after the effective date of the contract for the exemption required by this division, or the period determined by the contract, whichever is shorter.
- (4) For exemptions applicable to projects aimed at redeveloping existing multi-family residential housing projects, which receive Michigan State Housing Development Authority approval between October 1, 2002 and

December 1, 2002, the day falling 35 years after the effective date of the contract for the exemption required by this division, or the period determined by the contract, whichever is shorter.

(Code 1975, § 2-6(g); Ord. No. 2092, 10-22-02)

Sec. 82-53. Service charge constitutes a lien on property.

The service charge shall constitute a lien on the housing project property and improvements, effective at the same times and enforceable in the same manner as general property taxes.

(Code 1975, § 2-6(h))

Sec. 82-54. Collection of service charge.

The service charge as determined by this division shall be payable in the same manner as general property taxes, except that the annual payment shall be paid on or before July 1 of each year during which the exemption is in effect. The entire tax collection procedure provided by the General Property Tax Act (MCL 211.1 et seq.) shall be effective and utilized with respect to such payment, including, but not limited to, the provisions providing for interest and penalties on late payments, return of delinquent taxes, tax liens, and the sale of lands for delinquent taxes. In the event of a delinquency in the payment in lieu of taxes, the city shall issue a tax bill for the premises and include the required payment as a delinquent tax.

(Code 1975, § 2-6(i))

Sec. 82-55. Requirement to file information; default in payment; violations; loss of exemption.

The sponsor or owner shall file annually with the city treasurer a statement of contract rents to be charged and/or received, the statement to be filed within 30 days after December 31 of each year. Failure to timely file such statement, the filing of an inaccurate statement, any misrepresentation in the amount of rents, or the failure to timely pay any service charge, shall be considered violations of this division and the commission of any one violation shall result in the permanent, immediate loss of the exemption for the current year and thereafter. The city may require that information presented in the statement be certified by an independent auditor.

(Code 1975, § 2-6(j))

Sec. 82-56. Service fees and special assessments.

Except as otherwise provided by law, a housing project otherwise exempt under this section shall not be exempt from special assessments or service fees or charges levied or charged by the city.

(Code 1975, § 2-6(k))

Sec. 82-57. Contract requirement.

Except for housing projects previously determined to be exempt prior to the

enactment of this division, each housing project which is exempt under this division must sign an agreement with the city by which the exemption set forth in this division is granted, and further providing for the payment in lieu of taxes, consenting to the provisions of this division and recognizing the conditions whereby exemption may be lost. The city may require any reasonable conditions in such contract, including, but not limited to, such matters as limitations on the years for which the exemption may be continued, requirements for completing the project within a time certain, requirements for completing nonexempt units or facilities and time limits for completion, as well as the number of such units. Each contract shall have a complete and final floor plan attached (subject only to insubstantial amendment by as-built drawings), which shall govern the determination of the payment in lieu of taxes as appropriate under this division. No exemption may be granted unless and until the contract is completed, approved by the city commission and signed.

(Code 1975, § 2-6(l))

Sec. 82-58. Denial of application.

The city is not required by this section to grant an application which may otherwise qualify under this division. The city may deny an application in its sole discretion. In determining whether to deny a project, the city may use, but is not limited to, the following standards. The city would deny a project for exemption if the project applied for:

- (1) Constitutes a development which diverts, subverts, alters or is contrary to the master plan of the city;
- (2) Fails to contribute to the improvement of neighborhoods in the city;
- (3) Concentrates exempt housing in one or more areas of the city;
- (4) Adversely affects the property tax base of the city;
- (5) Creates significant public burdens, such as traffic, public works or infrastructure, health, safety, school population or service capabilities;
- (6) Results in the concentration of low income or elderly housing in a neighborhood or is contrary to the encouragement of economically diverse housing development;
- (7) Is sponsored by a developer who fails to demonstrate acceptable financial, managerial or construction capabilities; or
- (8) Results in a project or development which is harmful to the health, safety and welfare of the city.

(Code 1975, § 2-6(m))

Sec. 82-59. Effect on existing projects.

Housing projects which have been previously determined and treated as exempt pursuant to Public Act No. 346 of 1966 (MCL 125.1401 et seq.) under previous ordinances of the city shall continue their exempt status, and further shall continue the present payments to the city as presently determined. To the extent their present contracts do not conflict with this division ordinance, this division shall control their

exemptions.

(Code 1975, § 2-6(n))

Secs. 82-60--82-80. Reserved.

ARTICLE III. INCOME TAX*

***State law reference(s)**--City Income Tax Act, MCL 141.501 et seq.

Sec. 82-81. Adopted; tax levied.

- (a) The city hereby levies and provides for the assessment and collection of an excise tax on income as authorized by law.
- (b) The provisions of chapter 2 of Public Act No. 284 of 1964 (MCL 141.601), known as the "Uniform City Income Tax Act," is hereby incorporated, with the exception of sections 60, 61, and 87, in its entirety in this division. The rate of tax authorized by section 11 of such chapter 2 (MCL 141.611), being an annual tax of one percent on corporations and resident individuals and one-half percent on nonresident individuals for general revenue purposes is hereby imposed in accordance with such section.
- (c) The provisions of chapter 3 of Public Act No. 284 of 1964, added by Public Act No. 42 of 1969 (MCL 141.701) is hereby incorporated in its entirety in this division. The collection of tax authorized by section 60 of such chapter 3 (MCL 141.760) shall be on a monthly basis for those employers where the amount withheld in a calendar month exceeds \$100.
- (d) The effective date for the levying, assessing and collecting of the tax shall be July 1, 1993.

(Code 1975, § 2-6.2(a); Ord. No. 2141, 11-9-2004)

Sec. 82-82. Personal exemptions and limitations.

- (a) *Deductions and personal and dependency exemptions.* An individual taxpayer in computing his taxable income is allowed a deduction of \$600.00 for each personal and dependency exemption which the taxpayer has under the rules for determining exemptions and dependents as provided in the Federal Internal Revenue Code. The taxpayer may claim his spouse and dependents as exemptions, but if the taxpayer and the spouse are both subject to the tax imposed by this section, the number of exemptions claimed by each of them when added together shall not exceed the total number of exemptions allowed under this section.
- (b) *Additional exemptions.* An additional exemption is allowed for each of the following for which the taxpayer qualifies:
 - (1) A taxpayer who is paraplegic, quadriplegic or hemiplegic or who is totally and permanently disabled as defined in Section 216 of Title II of the Social Security Act, 42 USC 416.

- (2) A taxpayer who is blind as defined in section 504 of the Income Tax Act of 1967 (MCL 206.504).
 - (3) A taxpayer who is a deaf person as defined in section 2 of the Deaf Person's Interpreters Act (MCL 393.502).
 - (4) A taxpayer who is 65 years of age or older.
- (c) *Total exemption.* In the event a person's adjusted gross income is less than \$600.00, such person shall be entirely exempt from taxation under this section.

(Code 1975, § 2-6.2(b))

State law reference(s)--Authority to so provide, MCL 141.631(2), (3).