

January 4, 2011

**TO:** John Szerlag, City Manager

**FROM:** Mark F. Miller, Acting Assistant City Manager/Economic Development Services  
Steven J. Vandette, City Engineer *SV*

**SUBJECT:** House Bill No. 6572 – Construction Zone Property Tax Relief Bill, aka “Adverse Construction Specific Tax Act”

House Bill 6572 was introduced in the state legislature on November 17, 2010 and referred to the Committee on Tax Policy. This bill allows a business impacted adversely by a major construction project, lasting at least three months its first year and at least two months into a second year, to be eligible for reduced property taxes. A business would be able to apply for an exemption with its local assessor which would amount to a 50% reduction in their general property tax, if approved by the governing body of the local tax collecting unit. The local unit, our City Council, would also have the option of extending this tax relief to other local businesses which are negatively impacted by a major construction zone.

This proposal stems from Oakland County Executive L. Brooks Patterson’s request to the Michigan legislature, and last year’s major road repair project on Telegraph Road which negatively impacted many businesses within the twelve mile long construction zone, to consider some form of tax relief for these businesses.

On December 2, 2010, the Finance Committee for the Oakland County Board of Commissioners passed a resolution (attached) supporting HB 6572, which subsequently was adopted by the Oakland County Board of Commissioners on December 9, 2010. While the resolution supports the concept of providing tax relief to businesses that are negatively impacted by construction zones, the resolution requests that the proposed legislation hold local taxing jurisdictions harmless from the decreased revenues, by having the State of Michigan reimburse those local units of government for lost revenues.

The most recent Troy project that would have fit the criteria for a major project was the Rochester Road reconstruction from Torpey to Barclay, which started in 2009 with utility relocations and finished with road construction in November, 2010. Future projects that would meet the criteria would be federally funded projects, whether they be on City or County major roads. These projects include: Rochester, Barclay to Trinway; Livernois, Square Lake to South Blvd.; John R, Long Lake to Square Lake; John R, Square Lake to South Blvd.; Dequindre, Square Lake to South Blvd. The proposed legislation may also apply to continuing major road repair projects, such as the city’s concrete slab replacement work on city major roads and Tri-Party slab replacement work on County roads.



Ruth Johnson  
Oakland County Clerk/ Register of Deeds  
[www.oakgov.com/clerk/rd](http://www.oakgov.com/clerk/rd)

December 16, 2010

To Whom It May Concern:

Enclosed please find a certified copy of Miscellaneous Resolution #10310 – Board of Commissioners – Support for Construction Zone Property Tax Relief Bill.

As the County Clerk/Register, I have been instructed to provide you with a certified copy of this adopted resolution. Please forward Miscellaneous Resolution #10310 to the appropriate person(s). Thank you for your cooperation.

Sincerely,

Ruth Johnson  
Clerk/Register of Deeds  
County of Oakland

Enclosure (1)

Attention: HR Dept  
1200 N Telegraph, Room 407  
Ann Arbor MI 48106-1117  
(734) 966-0382  
[hr@oakgov.com](mailto:hr@oakgov.com)

Attention: Vendor Records  
1200 N Telegraph, Room 412  
Ann Arbor MI 48106-1117  
(734) 966-0501  
[records@oakgov.com](mailto:records@oakgov.com)

Attention: IT Services Office  
1200 N Telegraph, Room 406  
Ann Arbor MI 48106-1117  
(734) 966-0600  
[it@oakgov.com](mailto:it@oakgov.com)

**REPORT**

December 9, 2010

BY: Finance Committee, Thomas Middleton, Chairperson

IN RE: **MR #10310 – BOARD OF COMMISSIONERS – SUPPORT FOR  
CONSTRUCTION ZONE PROPERTY TAX RELIEF BILL**

To: The Oakland County Board of Commissioners  
Chairperson, Ladies and Gentlemen:

The Finance Committee, having reviewed the above referenced resolution on December 2, 2010, reports with the recommendation that the resolution be adopted.

Chairperson, on behalf of the Finance Committee, I move acceptance of the foregoing report.

  
FINANCE COMMITTEE

**FINANCE COMMITTEE**

Motion carried unanimously on a roll call vote with Woodward absent.

**MISCELLANEOUS RESOLUTION # 10310**

**BY: Commissioners Shelley G. Taub, District #16 and Bill Bullard, Jr., District #2**

**IN RE: BOARD OF COMMISSIONERS – Support for Construction Zone Property Tax Relief Bill**

To the Oakland County Board of Commissioners  
Chairperson, Ladies and Gentlemen:

**WHEREAS** Oakland County Executive L. Brooks Patterson requested the Michigan legislature to consider proposals to provide property tax relief to businesses that are negatively impacted by construction zones anywhere in Michigan; and

**WHEREAS** the proposal recommended that local communities should have the option to reduce property taxes up to 50% for businesses struggling financially from the impact of construction zones; and

**WHEREAS** House Bill 6572, known as the "Adverse Construction Specific Tax Act," requires a major infrastructure construction project last at least three months its first year and at least two months if it extends into a second year in order for a business to be eligible for reduced property taxes. This will not include projects performed on interstate highways. A business impacted adversely by major construction will be able to apply for an exemption with its local assessor or clerk of the local tax collecting unit; and

**WHEREAS** House Bill 6571 adds section 700 to MCL 211.1 to 211.155 (the General Property Tax Act), allowing governing bodies of local tax collecting units to adopt a resolution to exempt real and personal property owned or leased by an eligible business; and

**WHEREAS** if adopted, the two proposed bills will then allow local governing bodies to adopt a resolution allowing businesses within a significant infrastructure construction project to only pay the reduced adverse construction specific tax, which would amount to a 50% reduction in their general property tax; and

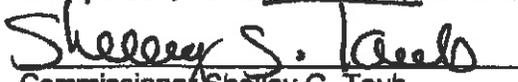
**WHEREAS** if adopted, local governmental units would have the option of extending this tax relief to their local businesses which are impacted by major construction zones.

**NOW THEREFORE BE IT RESOLVED** that the Oakland County Board of Commissioners, hereby proclaim their support for House Bills 6571 and 6572 – the Adverse Construction Specific Tax Act – which provides local units of governments with the opportunity to provide tax relief to local businesses which are negatively impacted by major construction projects.

**BE IT FURTHER RESOLVED** that the Oakland County Board of Commissioners requests that the proposed legislation holds local taxing jurisdictions harmless from the decrease in revenues associated with providing property tax relief to businesses that are negatively impacted by construction zones, by having the State of Michigan reimburse those local units.

**BE IT FURTHER RESOLVED** that the Oakland County Clerk is requested to forward copies of this adopted resolution to Oakland County Executive L. Brooks Patterson, State Representative Gail Haines, the House Committee on Tax Policy, Oakland County's delegation to the Michigan legislature, the Clerks for Oakland County's Cities, Villages and Townships, the Oakland County Chamber Network, the Michigan Association of Counties and Oakland County's legislative lobbyists.

Chairperson, we move the adoption of the foregoing resolution.

  
Commissioner Shelley G. Taub  
District #16

  
Commissioner Bill Bullard, Jr.  
District #2

*[Handwritten signature]*

Commissioner  
District # 20

*[Handwritten signature]*

Commissioner  
District # 5

*[Handwritten signature]*

Commissioner  
District #

*Christine A. Long*

Commissioner  
District # 7

*[Handwritten signature]*

Commissioner  
District # 13

*[Handwritten signature]*

Commissioner  
District # 3

*[Handwritten signature]*

Commissioner  
District # 4

*[Handwritten signature]*

Commissioner  
District # 1

*Bill Bullard Jr*

Commissioner  
District # 2

Commissioner  
District #

Resolution #10310

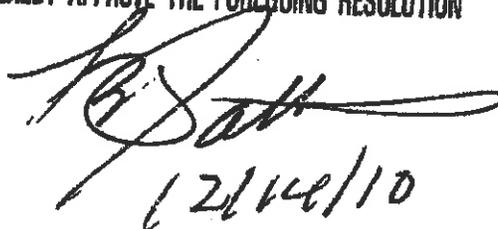
December 9, 2010

Moved by Middleton supported by Coleman the resolutions (with fiscal notes attached) on the amended Consent Agenda be adopted (with accompanying reports being accepted).

AYES: Bullard, Burns, Coleman, Coulter, Douglas, Gershenson, Gingell, Greimel, Hatchett, Jackson, Jacobsen, Long, McGillivray, Middleton, Nash, Potts, Runestad, Schwartz, Scott, Taub, Woodward, Zack. (22)  
NAYS: (0)

A sufficient majority having voted in favor, the resolutions (with fiscal notes attached) on the amended Consent Agenda were adopted (with accompanying reports being accepted).

I HEREBY APPROVE THE FOREGOING RESOLUTION



12/14/10

STATE OF MICHIGAN)  
COUNTY OF OAKLAND)

I, Ruth Johnson, Clerk of the County of Oakland, do hereby certify that the foregoing resolution is a true and accurate copy of a resolution adopted by the Oakland County Board of Commissioners on December 9, 2010, with the original record thereof now remaining in my office.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of the County of Oakland at Pontiac, Michigan this 9<sup>th</sup> day of December, 2010.



Ruth Johnson, County Clerk

**Resolution #10310**

**November 18, 2010**

**The Chairperson referred the resolution to the Finance Committee. There were no objections.**

# HOUSE BILL No. 6572

November 17, 2010, Introduced by Reps. Haines, Genetski, Rogers and Agema and referred to the Committee on Tax Policy.

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain local government officials; and to provide penalties.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act shall be known and may be cited as the  
2 "adverse construction specific tax act".

3           Sec. 2. As used in this act:

4           (a) "Commission" means the state tax commission created by  
5 1927 PA 360, MCL 209.101 to 209.107.

6           (b) "Construction project" and "eligible business" mean those

1 terms as defined in section 700 of the general property tax act,  
2 1893 PA 206, MCL 211.700.

3 (c) "Taxable value" means the taxable value as determined  
4 under section 27a of the general property tax act, 1893 PA 206, MCL  
5 211.27a.

6 Sec. 3. Real and personal property of an eligible business is  
7 exempt from ad valorem property taxes collected under the general  
8 property tax act, 1893 PA 206, MCL 211.1 to 211.155, as provided  
9 under section 700 of the general property tax act, 1893 PA 206, MCL  
10 211.700.

11 Sec. 4. The assessor of each local tax collecting unit in  
12 which there is property of an eligible business exempt under  
13 section 700 of the general property tax act, 1893 PA 206, MCL  
14 211.700, shall determine annually as of December 31 the value and  
15 taxable value of each parcel of that property located in that local  
16 tax collecting unit.

17 Sec. 5. (1) There is levied upon the owner of every parcel of  
18 property of an eligible business exempt under section 700 of the  
19 general property tax act, 1893 PA 206, MCL 211.700, a specific tax  
20 to be known as the adverse construction property specific tax.

21 (2) The amount of the adverse construction specific tax in  
22 each year shall be determined by multiplying 50% of the number of  
23 mills that would be assessed in the local tax collecting unit if  
24 the property were subject to the collection of taxes under the  
25 general property tax act, 1893 PA 206, MCL 211.1 to 211.155, by the  
26 property's taxable value.

27 (3) The adverse construction specific tax is an annual tax,

1 payable at the same times, in the same installments, and to the  
2 same collecting officer or officers as taxes collected under the  
3 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

4 (4) The collecting officer or officers shall disburse the  
5 adverse construction specific tax to and among this state and  
6 cities, townships, villages, school districts, counties, or other  
7 taxing units, at the same times and in the same proportions as  
8 required by law for the disbursement of taxes collected under the  
9 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

10 (5) The collecting officer or officers shall send a copy of  
11 the amount of disbursement made to each taxing unit under this  
12 section to the commission on a form provided by the commission.

13 (6) Real and personal property of an eligible business that is  
14 located in a renaissance zone under the Michigan renaissance zone  
15 act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the  
16 adverse construction specific tax levied under this act to the  
17 extent and for the duration provided pursuant to the Michigan  
18 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except  
19 for that portion of the adverse construction specific tax  
20 attributable to a tax described in section 7ff(2) of the general  
21 property tax act, 1893 PA 206, MCL 211.7ff. The adverse  
22 construction specific tax calculated under this subsection shall be  
23 disbursed proportionately to the taxing unit or units that levied  
24 the tax described in section 7ff(2) of the general property tax  
25 act, 1893 PA 206, MCL 211.7ff.

26 Sec. 6. Unpaid adverse construction specific taxes are subject  
27 to forfeiture, foreclosure, and sale in the same manner and at the

1 same time as taxes returned as delinquent under the general  
2 property tax act, 1893 PA 206, MCL 211.1 to 211.155.

3 Enacting section 1. This act does not take effect unless  
4 Senate Bill No. \_\_\_\_ or House Bill No. 6571 (request no. 07677'10) of  
5 the 95th Legislature is enacted into law.