

STATE OF MICHIGAN
DEPARTMENT OF TREASURYRICK SNYDER
GOVERNORR. KEVIN CLINTON
STATE TREASURER

DATE: April 8, 2014

TO: Members of the State Tax Commission

FROM: Kelli Sobel, Executive Director

SUBJECT: P.A. 18 of 2014

Public Act 18 of 2014 was signed by the Governor on February 25, 2014. This Act provides that property damaged or destroyed by an accident or Act of God after December 31, 2011, will retain the taxable value of the property prior to the accident or Act of God if the new construction of the replacement property is not more than 5% larger than the square footage of the original property, the replacement construction is completed no later than December 31 of the third year following the accident or Act of God, and the property's replacement construction is of substantially the same materials as determined by the State Tax Commission.

The purpose of this memorandum is to recommend the following language be approved by the State Tax Commission in order to define substantially same materials as required by the Act:

In accordance with P.A. 18 of 2014, the State Tax Commission defines *substantially same materials* as follows: Construction material that complies with any applicable health, sanitary, zoning, safety, fire or construction codes or ordinances. In addition, the class of construction rating for the replacement property must be the same class of construction rating as the original property. However, if the original property had a class D construction rating, it is appropriate for the replacement property to be constructed as class C construction in order to meet current construction codes.