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HOMESTEAD TAX EXEMPTION

House Bill 4409
Sponsor: Rep. Sharon Gire
Committee: Taxation

Complete to 3-5-91

A SUMMARY OF HOUSE BILL 4409 AS INTRODUCED 2-28-91

The bill would amend the General Property Tax Act to exempt from school operating property taxes $15,000 of the state equalized valuation (SEV) of a homestead ($30,000 in market value) or 50 percent of the SEV of a homestead, whichever was lower. The state would reimburse the school districts for taxes not received. The exemption would begin with the 1991 tax year. Reimbursements to school districts would be based on the number of mills levied for school operating purposes in 1990 or the year for which reimbursement was being made, whichever was less. (The amount of the exemption would be adjusted each year by the inflation rate.)

The bill specifies how the exemptions are to be obtained. After the first year, the state treasurer would mail to each taxpayer whose homestead was eligible for the exemption in the previous year an application for the exemption by February 1, and applications would be made available to those who may have recently become eligible. Taxpayers would have to return the application by April 15. (Those that were returned between April 15 and September 1 would be eligible for an exemption on the December tax bill.) By May 15, the state treasurer would have to notify local treasurers of taxpayers eligible for the exemption or of taxpayers once eligible who no longer were. (The deadline date for late applications would be October 1). The local treasurer would notify the assessor who would enter the exemption on the tax bill. Within 30 days after levying a tax, the local tax collecting unit would have to send a statement to the Department of Treasury indicating the total amount of taxes exempt for each school district in the unit. The state would then be required to reimburse each school district in full and in a timely manner. However, reimbursement for a summer tax levy would not be made before October 1. For the first year of the exemption, the procedure would be somewhat different. In 1991, the state treasurer would send application forms to all taxpayers filing income tax returns in the preceding year and the application would be submitted to the local treasurer. After providing for the exemption, the local treasurer would send the application to the state treasury department for verification of eligibility. If a taxpayer was found to be ineligible, the exempt amount would be added to the next tax bill along with interest of 3/4 of 1 percent per month. A person who knowingly and willfully filed a false application for exemption would be guilty of a misdemeanor punishable by imprisonment for not more than one year or by a fine of not more than $500, or by both.

The bill would also repeal two provisions from the plant rehabilitation and industrial development act (Public Act 198 of 1974), which deals with property tax abatements for industrial property, as of January 1, 1991. Another bill, House Bill 4411, contains replacements for the repealed provisions.

MCL 211.7k and 211.27b