



# HOUSE BILL No. 5760

September 14 1994 Introduced by Reps Profit and Varga and referred to the Committee on Taxation

A bill to provide for the deferment of property taxes for certain senior citizens to provide for a property tax deferment revolving fund to prescribe certain powers and duties of the department of treasury, county officials, and other local officials and to provide for certain borrowing by counties

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1       Sec 1    This act shall be known and may be cited as the  
2 "senior citizens property tax deferment act"

3       Sec 2    As used in this act

4       (a) Department means the department of treasury

5       (b) 'Equity' means the difference between twice the state  
6 equalized valuation and any outstanding mortgage, land contract,  
7 lien, or other encumbrance

8       (c) 'Homestead' means a dwelling or a unit in a  
9 multiple-unit dwelling, owned and occupied as a home by the owner

1 of the dwelling, including all contiguous unoccupied real  
2 property owned by the person Homestead includes a dwelling  
3 owned and occupied as a home by the owner of the dwelling and an  
4 outbuilding used in connection with a dwelling, situated on the  
5 lands of another

6 (d) Owner' includes a person eligible for the exemption  
7 specified in this act, who is purchasing a homestead under a  
8 mortgage or land contract, who owns a dwelling situated on the  
9 leased lands of another, or who is a tenant-stockholder of a  
10 cooperative housing corporation

11 (e) Property taxes" means ad valorem property taxes col-  
12 lected under the general property tax act, Act No 206 of the  
13 Public Acts of 1893, being sections 211 1 to 211 157 of the  
14 Michigan Compiled Laws, and includes delinquent taxes

15 (f) Senior citizen' means an individual who is 65 years of  
16 age or older at the close of the tax year Senior citizen also  
17 includes the unmarried surviving spouse of a person 65 years of  
18 age or older at the time of death

19 Sec 3 (1) The payment of property taxes assessed and due  
20 and payable on a homestead in which the owner meets all of the  
21 terms and conditions of this act may be deferred until 1 year  
22 after the owner's death, until the homestead or a part of the  
23 homestead is conveyed or transferred to another person, or until  
24 the owner enters into a contract to sell the homestead The  
25 death of a spouse does not terminate the deferment of property  
26 taxes for a homestead owned by husband and wife under tenancy by  
27 the entireties as long as the surviving spouse does not remarry

1 Property taxes deferred and any interest due under this act may  
2 be paid in full or in part at any time

3 (2) The amount of property taxes plus interest under this  
4 act deferred shall not exceed 75% of the owner's equity in the  
5 property as determined by the local assessing officer

6 (3) The county shall notify each owner whose property taxes  
7 are authorized to be deferred under this act that if legal or  
8 equitable title to the homestead or any part of the homestead is  
9 conveyed or transferred or a contract to sell the homestead or  
10 part of the homestead is entered into, the deferment is termi-  
11 nated and the amount deferred is immediately due and payable,  
12 plus interest as provided in section 6

13 Sec 4 (1) An owner of a homestead who is a senior citi-  
14 zen a resident of this state, and sole owner of the homestead  
15 for 5 or more years, and that has a household income of  
16 \$25,000 00 or less per year is eligible for the deferment of  
17 property taxes on that homestead under this act

18 (2) An owner may apply to the local assessing officer for  
19 deferment of the payment of property taxes on the owner's  
20 homestead The application shall be made upon an affidavit form  
21 to be furnished by the department and made available by the  
22 county at convenient locations throughout the county The affi-  
23 davit form shall contain the following statement in 10-point  
24 boldface type located immediately above the affiant's signature  
25 'If this deferment is authorized, the county will place a lien on  
26 your property If the homestead is owned jointly by husband and  
27 wife, each spouse shall sign and file the affidavit If the

1 homestead is encumbered by a mortgage or an unpaid balance on a  
2 land contract, a deferment of property taxes shall not be made  
3 without the written consent of the mortgagee or the land contract  
4 vendor which shall be filed with the affidavit The mortgagee  
5 or land contract vendor may impose any reasonable condition on  
6 the deferment of property taxes by a mortgagor or land contract  
7 vendee as a part of the written consent The affidavit shall be  
8 filed with the local assessing officer not later than 30 days  
9 after the due date of the first property taxes for which defer-  
10 ment is requested A person knowingly making a false affidavit  
11 for the purpose of obtaining deferment of property taxes under  
12 this act is guilty of perjury

13       Sec 5 (1) Upon receipt of the affidavit, the local  
14 assessing officer shall promptly examine it to determine if the  
15 applicant meets the requirements of this act, shall make an  
16 inspection of the property and property records, and shall con-  
17 duct an investigation and survey of the property if he or she  
18 considers it necessary The local assessing officer shall  
19 promptly make a decision with respect to an application under  
20 this section and shall notify the county and the applicant of the  
21 decision not later than the delinquent date for the property  
22 taxes involved in the application A decision of the local  
23 assessing officer is final

24       (2) Upon approval of the deferment, the county clerk shall  
25 cause the recording of a lien in favor of the county with the  
26 register of deeds and shall notify the county treasurer and the  
27 department of the deferral The county treasurer shall keep a

1 record of the notice The collecting officer shall enter on the  
2 current tax roll opposite each homestead for which deferment is  
3 allowed a notation that payment is deferred pursuant to this  
4 act The county clerk shall update the lien to include the  
5 deferment of each subsequent year's taxes and interest

6 Sec 6 (1) The payment of property taxes deferred under  
7 this act made by the owner or owner's estate shall include inter-  
8 est computed at a rate of 6% annually

9 (2) The lien created in section 5 for property taxes  
10 deferred under this act shall include interest as provided in  
11 this section

12 Sec 7 If the collecting officer or the department deter-  
13 mines that legal or equitable title to a homestead or a part of a  
14 homestead for which property taxes are deferred under this act is  
15 conveyed or transferred or a contract to sell the homestead or  
16 part of a homestead is entered into and the deferment is not ter-  
17 minated, the owner or owner's estate is subject to interest at a  
18 rate of 1% per month or fraction of a month on the amount  
19 deferred computed from the date of conveyance, transfer, or con-  
20 tractual agreement This interest is in addition to the interest  
21 due under section 6 The amount of interest shall be payable to  
22 the collecting officer

23 Sec 8 Upon termination of the deferment of property taxes  
24 under this act, the collection procedures of the general property  
25 tax act, Act No 206 of the Public Acts of 1893, being sections  
26 211 1 to 211 157 of the Michigan Compiled Laws, and any  
27 provisions of a law, ordinance, or charter applicable to the

1 collection of taxes in a city collecting its own taxes, suspended  
2 by the terms of this act during the period of deferment shall  
3 again apply

4       Sec 9     (1) The property tax deferment fund is created as a  
5 separate fund within the state treasury     The state treasurer  
6 shall pay into the property tax deferment fund money appropriated  
7 and made available by the state for the purpose of the fund

8       (2) When the taxes that are eligible for deferment pursuant  
9 to this act are paid, the tax payment, including any accrued  
10 interest, shall be deposited in the property tax deferment fund  
11 by the county clerk

12       (3) The state treasurer may receive money or other assets  
13 for deposit into the property tax deferment fund     The state  
14 treasurer shall direct the investment of the fund     The state  
15 treasurer shall credit to the property tax deferment fund inter-  
16 est and earnings from fund investments

17       (4) Money in the property tax deferment fund at the end of  
18 the fiscal year shall remain in the fund and shall not revert to  
19 the general fund

20       Sec 10    (1) The county clerk shall submit to the state  
21 treasurer not later than December 1 each year a statement of the  
22 total amount of taxes deferred under this act in the county     Not  
23 later than the February 15 immediately following the receipt of  
24 the statement, the state treasurer shall cause a warrant to be  
25 drawn on the property tax deferment fund in the amount of  
26 deferred taxes and sent to the county

1       (2) Upon receipt of the state payment, the county treasurer  
2 shall distribute the payment to local taxing units on a pro rata  
3 basis according to the amount of taxes levied by each taxing  
4 unit