



HOUSE BILL No. 4939

June 7, 1995, Introduced by Reps. Profit, Palamara, Varga, Yokich, Perricone, Bush and Wetters and referred to the Committee on Tax Policy.

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.

1 (c) "Homestead" means a dwelling or a unit in a
2 multiple-unit dwelling, owned and occupied as a home by the owner
3 of the dwelling, including all contiguous unoccupied real prop-
4 erty owned by the person. Homestead includes a dwelling owned
5 and occupied as a home by the owner of the dwelling and an out-
6 building used in connection with a dwelling, situated on the
7 lands of another.

8 (d) "Owner" includes a person who is purchasing a homestead
9 under a mortgage or land contract, who owns a dwelling situated
10 on the leased lands of another, or who is a tenant-stockholder of
11 a cooperative housing corporation.

12 (e) "Property taxes" means ad valorem property taxes col-
13 lected under the general property tax act, Act No. 206 of the
14 Public Acts of 1893, being sections 211.1 to 211.157 of the
15 Michigan Compiled Laws, and includes delinquent taxes.

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

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

1 the entireties as long as the surviving spouse does not remarry.
2 Property taxes deferred and any interest due under this act may
3 be paid in full or in part at any time.

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

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

14 Sec. 4. (1) An owner of a homestead who is a senior citi-
15 zen, a resident of this state, and sole owner of the homestead
16 for 5 or more years, and that has a household income of
17 \$25,000.00 or less per year is eligible for the deferment of
18 property taxes on that homestead under this act.

19 (2) An owner eligible under subsection (1) may apply to the
20 local assessing officer for deferment of the payment of property
21 taxes on the owner's homestead. The application shall be made
22 upon an affidavit form to be furnished by the department and made
23 available by the county at convenient locations throughout the
24 county. The affidavit form shall contain the following statement
25 in 10-point boldfaced type located immediately above the
26 affiant's signature: "If this deferment is authorized, the
27 county will place a lien on your property.". If the homestead is

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

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

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

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

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

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

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

24 Sec. 8. Upon termination of the deferment of property taxes
25 under this act, the collection procedures of the general property
26 tax act, Act No. 206 of the Public Acts of 1893, being sections
27 211.1 to 211.157 of the Michigan Compiled Laws, and any

1 provisions of a law, ordinance, or charter applicable to the
2 collection of taxes in a city collecting its own taxes, suspended
3 by the terms of this act during the period of deferment, shall
4 again apply.

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

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

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

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

21 Sec. 10. (1) The county clerk shall submit to the state
22 treasurer not later than December 1 each year a statement of the
23 total amount of taxes deferred under this act in the county. Not
24 later than the February 15 immediately following the receipt of
25 the statement, the state treasurer shall cause a warrant to be
26 drawn on the property tax deferment fund in the amount of
27 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.