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SPECIAL ASSESSMENT DEFERRAL

House Bill 5713 as introduced
First Analysis (4-23-98)

Sponsor: Rep. Kirk A. Profit
Committee: Tax Policy

THE APPARENT PROBLEM:

Public Act 225 of 1976 allows the deferral of special assessments by low-income senior citizens and totally and permanently disabled homeowners. A homeowner faced with a special assessment levied for a public improvement (such as curbs, gutters, sidewalks, street paving, drains, and water and sewer systems) can apply to the local assessor for a deferment. A deferment lasts until one year after the owner's death or until the homestead is conveyed or transferred. The Department of Treasury pays the amount of the deferred assessment to the local unit of government out of a special revolving fund. The state is repaid upon the sale of the homestead or upon the death of the homeowner and the settlement of the estate. The act currently only allows deferrals for assessments of $300 or more. On the grounds that special assessments of even smaller amounts can cause hardship to low-income homeowners, legislation has been proposed that would eliminate the floor.

THE CONTENT OF THE BILL:

The bill would amend Public Act 225 of 1976 to allow for the deferral of special assessments of any amount by low-income senior citizens and totally and permanently disabled homeowners by eliminating the current $300 minimum.

MCL 211.763

BACKGROUND INFORMATION:

To be eligible for the deferral of special assessments, a person must be at least 65 years of age or older or be totally and permanently disabled, be a citizen of the United States and a resident of Michigan, and have been the sole owner of the homestead for five years or more. The owner and his or her spouse cannot have received household income in the previous calendar year in excess of $15,600. (The act sets the income limit at $10,000 for the year 1983 and provides for annual changes based on changes in the Detroit consumer price index.)

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill would have no significant effect on state revenues. (Fiscal Note dated 4-22-98)

ARGUMENTS:

For:

A 20-year-old state program allows for the deferral of special assessments for senior citizens (and selected others) with the state paying local units for lost revenue out of a special revolving fund. The bill would expand the eligibility for this program somewhat by removing the current floor of $300. Only special assessments at or above this level qualify at present. Special assessments of even lower amounts can come as a surprise and be outside of the carefully rationed budgets of low-income seniors. It makes sense to remove this arbitrary figure to provide protection for more seniors at relatively little additional cost to the state.

POSITIONS:

The Department of Treasury has indicated support for the bill. (4-22-98)

Analyst: C. Couch

■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.