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SFA BILL ANALYSIS

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Senate Bill 666 (as reported without amendment)
Sponsor: Senator Dan. L. DeGrow
Committee: Finance

Date Completed: 4-1-98

RATIONALE

Public Act 25 of 1976 provides for the deferment of the collection of special assessments on homestead property. Special assessments due on a homestead in any year in which the owner is eligible for a deferral are not collected until one year after the owner's death, or until the homestead is sold, conveyed, or transferred to another person. A deferred special assessment may be paid in full at any time. The Act contains several requirements that a person must meet to qualify for a deferment. The owner of a homestead must be 65 years old or older or totally and permanently disabled, a U.S. citizen, a resident of Michigan for at least five years, and the sole owner of the homestead for at least five years; have a household income during the last calendar year that did not exceed an amount specified in the Act that is adjusted annually for inflation ($16,044 in 1998); and owe a special assessment, exclusive of interest, that is at least $300. Some people feel that if a person meets all the qualifications but the last one (that is, he or she has a special assessment less than $300) a deferment should still be allowed. It has been suggested that the $300 threshold be eliminated.

CONTENT

The bill would amend Public Act 25 of 1976 to delete a requirement that a special assessment be at least $300 to be eligible for deferment.

MCL 211.763

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument
The current requirement that a special assessment be at least $300 to qualify for deferment is unrealistic. To qualify for the deferment, a person also must be a low income senior or totally and permanently disabled. To a person in this circumstance, a special assessment of $280, or any level, could be economically painful. By eliminating the $300 threshold, the bill would help to protect the finances of all low income seniors or disabled persons, regardless of the size of the special assessment.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would allow homeowners who met the requirements specified in the bill and owed less than $300 to defer special assessment payments. Since the State pays the deferred special assessment amounts to the local units, there would be no local fiscal impact. Initially, the State would incur a minimal cost to reimburse the local units. However, when the special assessment deferred amounts are paid to the State, interest is included.

Fiscal Analyst: R. Ross

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