

# HOUSE BILL No. 4042

January 8, 1997, Introduced by Rep. Profit 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, 1893 PA 206, MCL 211.1  
14 to 211.157, 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 entirety 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 eligible under subsection (1) may apply to the  
19 local assessing officer for deferment of the payment of property  
20 taxes on the owner's homestead. The application shall be made  
21 upon an affidavit form to be furnished by the department and made  
22 available by the county at convenient locations throughout the  
23 county. The affidavit form shall contain the following statement  
24 in 10-point boldfaced type located immediately above the  
25 affiant's signature: "If this deferment is authorized, the  
26 county will place a lien on your property.". If the homestead is  
27 owned jointly by husband and wife, each spouse shall sign and

1 file the affidavit. If the homestead is encumbered by a mortgage  
2 or an unpaid balance on a land contract, a deferment of property  
3 taxes shall not be made without the written consent of the mort-  
4 gagee or the land contract vendor, which shall be filed with the  
5 affidavit. The mortgagee or land contract vendor may impose any  
6 reasonable condition on the deferment of property taxes by a  
7 mortgagor or land contract vendee as a part of the written  
8 consent. The affidavit shall be filed with the local assessing  
9 officer not later than 30 days after the due date of the first  
10 property taxes for which deferment is requested. A person know-  
11 ingly making a false affidavit for the purpose of obtaining  
12 deferment of property taxes under 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, 1893 PA 206, MCL 211.1 to 211.157, and any provisions of  
26 a law, ordinance, or charter applicable to the collection of

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

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

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

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

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

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

26       (2) Upon receipt of the state payment, the county treasurer  
27 shall distribute the payment to local taxing units on a pro rata

1 basis according to the amount of taxes levied by each taxing  
2 unit.