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HOMESTEAD EXEMPTION: REIMBURSEMENT/ FILING DATE

House Bill 4793
Sponsor: Rep. Bob Brown
Committee: Tax Policy

Complete to 1-20-00

A SUMMARY OF HOUSE BILL 4793 AS INTRODUCED 6-11-99

The bill would amend the General Property Tax Act in two ways:

1) It would require the state to reimburse a local tax collecting unit or a county for all costs incurred when a Department of Treasury denial of a homestead exemption requires the rescinding of the exemption and the issuance of a corrected tax bill. (The bill specifies that it is requiring this “because new activities adding an increased level of services required by existing law have been mandated subject to Section 30 of Article IX of the State Constitution of 1963.” This section is known as the Headlee Amendment.)

2) It would require a property owner to claim the homestead exemption by filing an affidavit on or before February 1 stating that the property was owned and occupied as a homestead as of the immediately preceding December 1. (Currently, the affidavit must be filed on or before May 1 and state that the property is owned and occupied as a homestead on the date the affidavit is signed.) At present, the act says the status of property as a homestead is determined on the date the affidavit is filed (notwithstanding the usual tax day of December 31). The bill would specify that the status of property as a homestead would be determined as of December 31 each year.

Under the state’s new school financing system, homestead property is exempt from local school operating taxes. An owner of a homestead – – an owner-occupied principal residence – – can claim the exemption by filing an affidavit with the local tax collecting unit on or before May 1. (A homeowner can also go to the July or December board of review in the year for which the exemption is sought or in the year after for an exemption on property that was a homestead as of May 1. Property occupied after May 1 is not eligible for an exemption until the next year.) The local unit can approve the exemption and put the exemption on the tax roll or can deny the exemption. A denial must be accompanied by a notice that the decision can be appealed to the state’s Department of Treasury. The local unit sends the affidavits to the state in either case. The

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department can review the validity of exemptions granted by local units for the current calendar year and the three immediately preceding calendar years. The department can, after appeal, deny an exemption, and the local assessor (or the county treasurer, if applicable) is then required to remove the exemption and issue a corrected tax bill for previously unpaid taxes, along with interest and penalties.

MCL 211.7cc

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.