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BILL ANALYSIS

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Senate Bill 13 (as introduced 1-8-03)
Sponsor: Senator Ron Jelinek
Committee: Finance

Date Completed: 6-1-04

CONTENT

The bill would amend the General Property Tax Act to provide that "additions" would include new construction, a mobile home assessable as real property, or a similar structure, if the family member occupying the property had not occupied it for six months or more; additions would not include this property if it were occupied by a family member who was 62 years old or older.

Section 34d of the Act defines "additions" for purposes of that section (which provides for the tabulation of taxable values, including additions and losses; the computation of tax rates; and other matters), as well as Section 27a of the Act and Sections 3 and 31 of Article IX of the State Constitution (which govern property tax valuation and assessments). Under the law, a parcel's taxable value determines the amount of taxes the owner must pay. Taxable value, adjusted for additions and losses, may not increase from one year to the next by more than 5% or the increase in the consumer price index, whichever is lower, until there is a transfer of ownership. At that time, the assessment is "uncapped" and the parcel is taxed at 50% of its true cash value.

Section 34d identifies various categories of property as "additions", including new construction, which means property not in existence on the immediately preceding tax day and not replacement construction.

The bill specifies that, for taxes levied after December 31, 2003, additions would include new construction, a mobile home assessable as real property under Section 2a, or a similar structure, not previously considered an addition pursuant to subsection (c)(iv), if the family member who occupied the new construction, mobile home, or similar structure had not occupied it for six months or more. (Under Section 2a, a mobile home that is not covered by Section 41 of Public Act 243 of 1959, while located on land otherwise assessable as real property, is considered real property and must be assessed as part of the real property upon which the home is located. Under Section 41 of Public Act 243, a trailer coach park licensee must collect a specific tax of $3 per month per occupied trailer coach in the park, in lieu of any property tax levied on the trailer coach.)

The bill would add subsection (c)(iv) to provide that, for taxes levied after 2003, additions would not include increased value attributable to new construction, a mobile home assessable as real property under Section 2a, or a similar structure, if it were occupied or would be occupied by a family member who was at least 62 years old.

MCL 211.34d Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The data needed to estimate the fiscal impact of this bill are not readily available, so it is not possible to make a reasonable estimate of the fiscal impact at this time.

Fiscal Analyst: Jay Wortley