



Telephone: (517) 373-5383 Fax: (517) 373-1986 TDD: (517) 373-0543

Senate Bill 23 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Senator Alan Sanborn

Committee: Finance

CONTENT

The bill would amend Section 512 of the Income Tax Act, which defines certain terms used for the calculation of the homestead property tax credit, to apply the current definition of "property taxes" to tax years before 2003.

The bill is tie-barred to House Bill 4008, which proposes to redefine "property taxes" for the 2003 tax year and thereafter.

Under the Act, if a taxpayer qualifies, he or she may claim a credit for the amount of property taxes paid on a homestead that exceeds a certain percentage of the taxpayer's household income. In general, this homestead property tax credit is equal to 60% of the amount by which the taxpayer's property taxes exceed 3.5% of household income. The Act defines property taxes as general ad valorem taxes levied on a homestead in the State, including property tax administration fees, but not including penalties, interest, or special assessments unless they are assessed in the entire city, village, or township and based on State equalized valuation (SEV) or taxable value. Under the bill, for tax years before 2003, special assessments also would have to be levied using a uniform millage rate on all real property not exempt by law from the levy of a special assessment.

MCL 206.512 Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-3-03 Fiscal Analyst: David Zin