

Legislative Analysis



PRINCIPAL RESIDENCE EXEMPTIONS: BED & BREAKFASTS

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House Bill 6030

Sponsor: Rep. Howard Walker

Committee: Tax Policy

Complete to 9-19-06

A SUMMARY OF HOUSE BILL 6030 AS INTRODUCED 5-3-06

The bill would amend the General Property Tax to specify that the principal residence exemption for property used as a bed and breakfast would be apportioned, generally speaking, based on the amount of property used "regularly and exclusively" as a bed and breakfast, according to the following equation where,

- **A** is the square footage of property used regularly and exclusively as a bed and breakfast (not including common areas).
- **B** is the square footage of property used as the property owner's principal residence.
- **C** is the square footage of the property not used regularly and exclusively as a bed and breakfast (including common areas).
- **D** is the total square footage of the property.

Common areas would include, but would not be limited to, a kitchen, porch, hallway, driveway, or bathroom.

$$A - [A \times (\text{Days used} \div 365)] + B + C$$

D

FISCAL IMPACT:

Because the number of taxpayers that will take advantage of this provision, the taxable values of their homesteads, and the percentages to be exempted are not known, a precise estimate is not possible.

The bill would have no direct impact on state revenues; the reduction would be entirely at the local level and would reduce funding for schools. The School Aid Fund would then have to offset this loss through the foundation allowance.

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■ 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.