

Legislative Analysis



ADDITIONAL PRINCIPAL RESIDENCE EXEMPTION

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House Bill 4215

Sponsor: Rep. Edward Gaffney, Jr.

Committee: Commerce

Complete to 3-16-07

A SUMMARY OF HOUSE BILL 4215 AS INTRODUCED 2-6-07

Under Michigan's school financing system, owner-occupied homes (known as principal residences) are exempt from local school operating taxes and pay only the six-mill state education tax. A person can only claim one principal residence for this exemption.

House Bill 4215 would amend the General Property Tax Act to allow a homeowner to claim an additional principal residence exemption in specified circumstances. Under the bill, in addition to an owner's current principal residence, that owner could retain an exemption for up to three years on property previously exempt as the owner's principal residence if that property is not occupied and is for sale.

MCL 211.7cc

FISCAL IMPACT:

Given that the amount of property that would qualify for the 18-mill exemption is not known, the fiscal impact of these bills cannot accurately be determined. To the extent that additional property becomes eligible for the 18-mill exemption, local property tax revenue that would be earmarked for local education would decline. Although there is no direct impact on state revenue, there is an indirect burden on the School Aid Fund in that it must compensate for reduced educational funding at the local level.

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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.