



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

Senate Bill 77 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Senator Jud Gilbert, II

Committee: Finance

## **CONTENT**

The bill would amend the General Property Tax Act to establish a second deadline for a property owner to file an affidavit claiming the principal residence exemption.

Under the Act, a principal residence is exempt from the tax levied by a local school district for school operating purposes, which typically is 18 mills. To claim the exemption, the property owner must file an affidavit with the local tax collecting unit by May 1. Under the bill, this deadline would apply for taxes levied before January 1, 2010.

For taxes levied after December 31, 2009, a taxpayer would have to file an affidavit by May 1 for the next summer tax levy and all subsequent tax levies. For 2010 only, the filing deadline would be November 1 for the next winter tax levy and all subsequent tax levies. In 2011 and following years, a taxpayer would have to file by October 1 for the next winter tax levy and all subsequent tax levies.

The bill would make the same changes regarding the filing deadline for a cooperative housing corporation to claim a full or partial principal residence exemption.

MCL 211.7cc Legislative Analyst: Suzanne Lowe

## FISCAL IMPACT

The bill would increase school aid costs by an unknown and potentially significant amount, depending on the number of new exemption certificates filed (as a result of home sales, new construction, changes in living arrangements, the locations of affected property, etc.). The Department of Treasury estimates that under current sales levels and property values, the bill would increase school aid costs by approximately \$4.0 million to \$5.0 million per year in the near future. Local school districts would experience a loss of locally raised revenue, increasing demands on the School Aid Fund in order to meet per-pupil funding guarantees. Unless additional revenue would be directed to the School Aid Fund to offset the increased demands, the bill would decrease overall funds available to schools statewide.

Date Completed: 9-22-10 Fiscal Analyst: David Zin