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Senate Bill 141 (Substitute S-1 as reported)

Sponsor: Senator Dennis Olshove

Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to allow an owner of property who was absent from his or her principal residence while under the care his or her mother, father, sister, brother, spouse, child, stepchild, adopted child, grandchild, step-grandchild, or adopted grandchild to claim an exemption for his or her principal residence if that property were not occupied, not leased, and not used for any business or commercial purpose, if the owner did not claim an exemption for other property, and filed the required affidavit.

Under the Act, a principal residence is exempt from the tax levied by a school district for school operating purposes to the extent provided under the Revised School Code. To claim the exemption, an owner of property must file an affidavit by May 1 with the local tax collecting unit in which the property is located. The affidavit must state that the property is owned and occupied as a principal residence by that property owner.

MCL 211.7cc Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce local property tax revenue and increase School Aid Fund expenditures by an unknown amount, depending upon the specific characteristics of property affected by the bill. For a home with a taxable value of \$50,000, the bill would reduce local school property taxes and increase School Aid Fund expenditures by \$900. Current Michigan Department of Treasury guidelines allow homeowners who are not residing in their home, particularly due to health reasons, to maintain an exemption under certain circumstances, although frequently these circumstances are not met if there is no intent to return home or the home is rented. It is unknown how many properties would retain principal residence status under the conditions specified in the bill, or the taxable value of those properties.

Because of current policy, any fiscal impact from the bill is likely to be negligible

Date Completed: 4-14-09 Fiscal Analyst: David Zin