



Senate Fiscal Agency
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Senate Bill 141 (as introduced 1-29-09)
Sponsor: Senator Dennis Olshove
Committee: Finance

Date Completed: 3-26-09

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 of another person to claim a tax exemption for his or her principal residence if that owner did not claim an exemption for other property, did not rent his or her principal residence for more than two weeks per year, 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.

The bill would allow an owner who was absent from his or her principal residence to claim an exemption as described above.

("Principal residence" means the one place where an owner of the property has his or her true, fixed, and permanent home to which, whenever absent, he or she intends to return and that continues as a principal residence until another principal residence is established. Principal residence includes all of an owner's unoccupied property classified as residential that is adjoining or contiguous to the dwelling subject to ad valorem taxes and that is owned and occupied by the owner.

Principal residence includes only that portion of a dwelling or unit in a multiple-unit dwelling that is subject to ad valorem taxes and that is owned and occupied by an owner of the dwelling or unit. Principal residence includes any portion of a dwelling or unit of an owner that is rented or leased to another person as a residence as long as the rented or leased portion of the dwelling or unit is less than 50% of the total square footage of living space in that dwelling or unit.)

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.

Fiscal Analyst: David Zin