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BILL



ANALYSIS

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Senate Bill 887 (as reported by the Committee of the Whole)  
Sponsor: Senator Mark C. Jansen  
Committee: Finance

### **CONTENT**

The bill would amend the General Property Tax Act to revise provisions for the exemption of housing owned by the State, a local unit of government, a nonprofit entity, or a limited dividend housing corporation, for occupancy or use solely by elderly or disabled families. The bill would do the following, effective December 31, 2009:

- Delete requirements for property owners to submit annual affidavits of eligibility to local assessors and the Department of Treasury.
- Delete requirements that collecting officers prepare and send to the Department annual statements for payment in lieu of taxes, and delete a requirement that the State Treasurer make payments in lieu of taxes based on the property's value.
- Require the State Treasurer, upon verification, to make payments in lieu of taxes each year based on the amount of taxes paid for the 2008 tax year, for property exempt before 2009.
- For property not exempt before 2009, or for new construction to exempt property, require the local tax collecting unit to calculate a payment in lieu of taxes based on the number of mills levied in the first year for which the exemption was valid.
- Allow the State Treasurer to require local tax collecting units to receive payments electronically.
- Require the State Treasurer to prorate the payments if insufficient funds were appropriated to make all payments in full.
- Allow the Department to deny an exemption.
- Require property owners to notify the local tax collecting unit and the Department of any change in the property that would affect the exemption.
- Give the Department standing to appeal the assessed value, taxable value, State equalized valuation, exempt status, classification, and all other issues concerning tax liability for exempt property in the Michigan Tax Tribunal and all court of the State.

MCL 211.7d

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would have a negligible impact on State and local finances. Eliminating the annual submission confirming eligibility for the exemption would reduce local administrative efforts negligibly but also increase the opportunities for abuse. The proration provisions would not alter the funds available to make any required payments but would provide direction to the State in instances in which the appropriation is less than the required amount.

Date Completed: 12-18-09

Fiscal Analyst: David Zin

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