

Legislative Analysis



POVERTY EXEMPTION: AFFIDAVIT ACCEPTABLE WHEN NO FEDERAL/ STATE TAX RETURNS FILED

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House Bill 5178

Sponsor: Rep. Rashida Tlaib

Committee: Tax Policy

Complete to 1-24-12

A SUMMARY OF HOUSE BILL 5178 AS INTRODUCED 11-29-11

Under the General Property Tax Act, owners of principal residences can file a claim seeking a "poverty exemption" for some or all of property taxes due. A homeowner must file a claim with the local supervisor or board of review, and the claim is to be accompanied by federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns in the current or immediately preceding year. The act also contains other criteria that must be met to receive a poverty exemption.

Under House Bill 5178, for a homeowner who was not required to file a federal or state income tax return for the appropriate years, an affidavit in a form prescribed by the State Tax Commission could be accepted in place of the federal or state income tax return.

(Generally speaking, a principal residence is an owner-occupied residence that is the owner's primary residence. The term, for purposes of the poverty exemption, also includes qualified agricultural property.)

MCL 211.7u

FISCAL IMPACT:

To the extent that it makes it easier to qualify for the poverty exemption, House Bill 5178 could reduce property tax revenue by an indeterminate, but likely small, amount.

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