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BILL



ANALYSIS

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Senate Bill 990 (as introduced 2-29-12)
Sponsor: Senator Bruce Caswell
Committee: Finance

Date Completed: 5-15-12

CONTENT

The bill would amend the General Property Tax Act to do the following:

- **Allow a homeowner to retain the principal residence exemption after moving into a nursing home or assisted living facility, under certain circumstances.**
- **Provide that contiguity would not be broken by a boundary between local tax collecting units, in situations involving property contiguous to a dwelling.**

Owner in Nursing Home or Assisted Living

The Act exempts a principal residence from the tax levied by a school district for school operating purposes, to the extent provided in the Revised School Code. To claim the exemption, the homeowner must file an affidavit with the local tax collecting unit. When the property is no longer used as a principal residence, the owner is required to rescind the claim of exemption, although an owner may retain an exemption on previously exempt property for up to three years if certain criteria are met.

The bill would allow a person who previously occupied property as his or her principal residence but presently resides in a nursing home or assisted living facility, to retain the exemption if he or she manifested an intent to return to the property by satisfying all of the following conditions:

- The owner continued to own the property while residing in the nursing home or assisted living facility.
- The owner had not established a new principal residence.
- The owner maintained or provided for the maintenance of the property while residing in the nursing home or assisted living facility.

In addition, the property could not be occupied except by the owner's son, daughter, grandson, or granddaughter, could not be for sale, could not be leased, and could not be used for any business or commercial purpose.

Contiguity

The Act's definition of "principal residence" includes all of an owner's unoccupied property classified as residential or as timber-cutover real property that is adjoining or contiguous to the owner's dwelling. The Act specifies that contiguity is not broken by a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for

power transmission lines if the two parcels separated by the purchased or condemned property were a single parcel before the sale or condemnation.

Under the bill, contiguity also would not be broken by a boundary between local tax collecting units.

MCL 211.7cc & 211.7dd

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have a negligible impact on State and local revenue. The changes largely would codify existing Department of Treasury policy and guidance on administration of the property tax and the principal residence exemption. The only impact would reflect changes where a local unit was not following that guidance. In those cases, the bill would reduce revenue to local school districts, but that reduction would be offset by an equal increase in School Aid Fund expenditures in order to maintain per-pupil funding guarantees.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.