



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5178 (as reported without amendment)

Sponsor: Representative Rashida Tlaib

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to allow a person to file an affidavit, instead of Federal and State income tax returns, in order to claim a poverty exemption on his or her principal residence, if a resident of the home were not required to a return.

Under the Act, a person's principal residence may be entirely or partly exempt from the property tax if the person is unable to pay the tax due to poverty, in the judgment of the local supervisor and board of review. To be eligible for the exemption, the person must own and occupy the property as a principal residence, file a claim with the supervisor or board of review, and meet other criteria. The claim must be accompanied by Federal and State income tax returns for all people living in the principal residence, filed in the preceding or current year.

The bill provides that Federal and State income tax returns would not be required for a person living in the principal residence if he or she were not required to file an income tax return in the tax year in which the exemption was claimed or in the preceding tax year. Instead, an affidavit in a form prescribed by the State Tax Commission could be accepted.

MCL 211.7u

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

To the extent that the number of property tax exemptions increased as a result of the bill, the bill would reduce State School Aid Fund revenue and local unit revenue by an unknown, and likely negligible, amount. The amount would depend on the number of affected properties and their specific characteristics.

Date Completed: 3-1-12

Fiscal Analyst: David Zin