Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1051 (as introduced 9-11-14)
Sponsor: Senator Steven Bieda
Committee: Finance

Date Completed: 9-16-14

## CONTENT

**The bill would amend the General Property Tax Act to provide that a property tax exemption for housing for elderly or disabled families would begin on December 1 of the year in which the exemption was claimed; and indicate that exempt property would not be subject to forfeiture, foreclosure, and sale for delinquent taxes.**

The Act allows a tax exemption for housing owned and operated by a nonprofit corporation or association, the State, a local unit of government, or a limited dividend housing corporation, for occupancy or use solely by elderly or disabled families. The property owner may claim the exemption by filing a form prescribed by the Department of Treasury, and the local assessor must approve or disapprove the exemption. The assessor also must notify the Department of the approval or disapproval, and the Department may deny an exemption. If an exemption is granted for property that otherwise would be subject to the property tax, the State must make a payment in lieu of taxes (except for school operating taxes and the State Education Tax) to the local tax collecting unit.

An exemption begins on December 31 of the year in which it is approved. Under the bill, instead, an exemption would begin on December 31 of the year in which the property owner properly submitted a claim for exemption to the assessor of the local tax collecting unit.

Currently, property that is eligible for the exemption is not subject to forfeiture, foreclosure, and sale for taxes returned as delinquent under the Act for any year in which the property was exempt. The bill provides, instead, that property that was exempt would not be subject to forfeiture, foreclosure, and sale for taxes returned as delinquent under the Act.

MCL 211.7d

Legislative Analyst: Suzanne Lowe

## FISCAL IMPACT

The bill would have an unknown and likely negligible impact on State and local unit revenue and expenditures. For affected properties, where an exemption is approved in a different tax year than when submitted, the bill would make the exemption effective one year earlier. The exemption reduces both State and local unit revenue. For local units, the loss is generally reimbursed by State General Fund revenue. Losses to local school districts attributable to the 18-mill operating levy increase State School Aid Fund expenditures due to State per-pupil funding guarantees.

It is impossible to know how many exemptions will be filed, the specific characteristics of the affected properties, or the number of those filings that will not be approved during the tax year in which they are filed. However, the number of affected properties is expected to be minimal and the impact on both State expenditures and State revenue negligible.

Fiscal Analyst: David Zin