

Legislative Analysis



POVERTY EXEMPTION AMENDMENTS

Phone: (517) 373-8080
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House Bill 5179 as introduced
Sponsor: Rep. Wendell L. Byrd
Committee: Tax Policy
Complete to 11-7-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5179 would amend provisions in the General Property Tax Act that allow local units to grant a "poverty exemption" to owner-occupied residences and qualified agricultural property.

The bill would (1) require applicants to file a form approved by the State Tax Commission affirming ownership and occupancy; and (2) allow the local board of review to grant the exemption not only for the year in which the exemption is claimed but also, with good cause shown, for the three immediately preceding years.

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. An affidavit in a form prescribed by the State Tax Commission can be accepted in place of the federal or state income tax return for a homeowner not required to file a federal or state income tax return for the appropriate years.

Eligibility is based on federal poverty guidelines or locally approved, less restrictive alternative guidelines, and the board of review can deviate from local policies and guidelines for "substantial and compelling reasons."

The act requires that an applicant must own and occupy the principal residence for which the exemption is requested. As noted above, House Bill 5179 would add that the applicant must affirm this ownership and occupancy status in writing by filing a form prescribed by the State Tax Commission with the local assessing unit.

The bill also adds language that allows the local board of review to grant an exemption for the year in which the exemption is claimed and, for good cause shown, the three immediately preceding three years.

(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 the board of review grants the three-year lookback for the poverty exemption, House Bill 5179 could reduce property tax revenue by an indeterminate, but likely small, amount.

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