

Legislative Analysis



STATE TO REIMBURSE LOCAL UNITS FOR DISABLED VETERAN TAX EXEMPTION

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<http://www.house.mi.gov/hfa>

House Bill 5685 as introduced
Sponsor: Rep. Anthony G. Forlini
Committee: Appropriations
Complete to 8-17-16

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

REVISED SUMMARY:

Under House Bill 5685, the state would reimburse local governmental units for revenue lost as a result of the homestead property tax exemption for disabled veterans. The bill amends the Income Tax Act, and reimbursements would be made from state income tax revenue.

However, reimbursement would be contingent on the legislature making an appropriation for that purpose. If the amount appropriated were not sufficient for full reimbursement, then payments would be prorated.

Since the passage of Public Act 161 of 2013, Section 7b of the General Property Tax Act has provided a full property tax exemption for the homestead of a disabled veteran who is a resident of the state and meets one of the following criteria: (a) has been determined by the U.S. Department of Veterans Affairs to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate; (b) has a certificate from the VA certifying that he or she is receiving or has received pecuniary assistance due to disability for specially adapted housing; or (c) has been rated by the VA as individually unemployable. The exemption also applies to an unremarried surviving spouse to a disabled veteran.

MCL 206.51 and 51d

FISCAL IMPACT:

Based on exemptions filed in 2014, the amount required to fully reimburse local taxing entities would be about \$20 million. In addition, the Department of Treasury will likely face administrative costs to verify eligibility, calculate payments, and distribute the funds, but these costs can't be estimated.

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