



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 171 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Steven Bieda
Committee: Finance

CONTENT

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

- Require certain criteria to be met before the exemption would begin, as described below.
- Require a claim for exemption to be filed simultaneously with the local assessor and the Department of Treasury, and set a deadline of October 31 for filing a claim.
- Require the assessor to approve or disapprove a claim for exemption within 60 days after receiving it, and to notify the owner and the Department of the approval or disapproval by December 31 following the initial filing.
- Allow the Department to grant an exemption, effective December 31, 2011, for property that would have qualified for it if an application had been timely filed in 2011.

Currently, an exemption begins on December 31 of the year in which it is approved. Under the bill, instead, if a claim for exemption were filed by October 31 and were approved, the exemption would begin on December 31 of the year in which the facility was fully and finally completed and the owner of the property properly submitted a claim for exemption.

The bill would take effect 90 days after being signed into law.

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 to be negligible, even accounting for the retroactive aspects of the bill.

Date Completed: 12-9-15

Fiscal Analyst: David Zin