

RETAIN PRINCIPAL RESIDENCE EXEMPTION FOR PROPERTY DEMOLISHED OR DESTROYED

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5454 as introduced
Sponsor: Rep. Peter J. Lucido
Committee: Tax Policy
Complete to 4-24-18

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

SUMMARY:

House Bill 5454 would amend the General Property Tax Act to allow for a continuation of a principal residence exemption (PRE) for an individual who has vacated the property due to its demolition or destruction and who meets criteria regarding an intent to return to the property.

A PRE exempts an individual's primary residence from the 18 mills (generally) levied for local school operating purposes.

Under the bill, an owner of property who previously occupied that property as a principal residence, but is now absent due to the demolition or destruction of a dwelling on that property, could retain the exemption on that property if the owner manifested an intent to return to that property.

The intent to return would be met by satisfying all of the following:

- The owner continued to own the property while absent due to the demolition or destruction of a dwelling on that property.
- The owner had not established a new principal residence.
- The owner provided for reconstruction of a dwelling on that property within a reasonable time period after its demolition or destruction, for purposes of occupying the reconstructed dwelling upon its completion.
- That property is not occupied, leased, or used for any business or commercial purpose.

MCL 211.7cc

FISCAL IMPACT:

As written, the bill would have no direct impact on state revenue, although to extent principal residence exemptions (PREs) are continued for the affected properties, expenditures from the School Aid Fund might need to increase to maintain the foundation allowance. It is not possible to determine the impact of allowing the PRE to continue without knowing the taxable value of each affected parcel, although the overall potential impact is likely to be very small.

Legislative Analyst: Patrick Morris
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.