

DISABLED VETERAN PROPERTY TAX CREDIT

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House Bill 6024 (H-1) as reported from committee

Sponsor: Rep. Holly Hughes

Committee: Tax Policy

Complete to 12-12-18

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

SUMMARY:

House Bill 6024 would amend the General Property Tax Act to clarify the requirement that property taxes exempt from collection under the disabled veteran property tax exemption be prorated to the number of months the property qualified for the exemption pursuant to State Tax Commission Guidance.¹ Current law states that the county treasurer is required to cancel all property taxes for any year in which a disabled veteran eligible for the property tax exemption has acquired title to real property.

The bill would also eliminate the requirement that the following disabled veterans, as defined in statute, file an annual affidavit certifying that they qualify for the exemption:

- Disabled veterans who are permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- Disabled veterans who have a certificate from the United States Department of Veterans Affairs (VA) certifying that they are receiving or have received pecuniary assistance due to disability for specially adapted housing.

For these veterans, the exemption would continue from the initial affidavit filing until the supervisor or other assessing officer was notified of the loss of exempt status pursuant to a form and procedures developed by the State Tax Commission. Under the bill, only those disabled veterans who qualify for the exemption through their rating by the VA as individually unemployable would still be required to file the affidavit annually.

Lastly, the bill would authorize an eligible surviving spouse to qualify for the disabled veterans property tax exemption for real property owned and used as a homestead whether or not the disabled veteran owned or used the that property as a homestead. An enacting section of the bill indicates that the amendatory act is curative as to this issue and would correct any misinterpretation of the legislative intent in the final opinion and judgment of the Michigan Tax Tribunal, MTT Docket No. 16-004780, issued March 15, 2017.

MCL 211.7b

¹ See https://www.michigan.gov/documents/treasury/Disabled-Veterans-Exemption-Additional-Guidance-3-14_452056_7.pdf

BRIEF BACKGROUND:

Currently under the act, a *disabled veteran* who was discharged from the armed forces of the United States under honorable conditions is exempt from the collection of property taxes on real property used as a homestead. The exemption is obtained by filing an affidavit with the supervisor or assessing officer. The act defines *disabled veteran* as a Michigan resident who meets any one of the following:

- Has been determined by the VA to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- Has a certificate from the VA certifying that he or she is receiving or has received financial assistance due to disability for specially adapted housing.
- Has been rated by the VA as individually unemployable.

The exemption continues when the disabled veteran dies, as long as the surviving spouse remains unmarried.

FISCAL IMPACT:

Assuming that supervisors or other assessing officers already prorate property taxes under the disabled veteran property tax exemption, the bill would have no fiscal impact. For any local unit of government that currently does not prorate the exemption in the year for which the exemption was granted, the bill would increase revenues for the State Education Tax (SET) and local property taxes. Any revenue increase for the state and these local units would presumably be marginal. It is not possible to estimate the fiscal impact because the taxable values and associated millage rates of the affected properties are not known.

POSITIONS:

The following entities indicated support for the bill (11-28-18):

- Michigan American Legion
- Michigan Purple Heart

The Department of Treasury indicated a neutral position regarding the bill. (11-28-18)

Fiscal Analyst: Ben Gielczyk

■ 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.