



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4335 (Substitute H-1 as reported without amendment)
House Bill 4336 (Substitute H-1 as reported without amendment)
Sponsor: Representative Dave Pagel (H.B. 4335)
Representative Kimberly LaSata (H.B. 4336)
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

House Bill 4335 (H-1) would amend the General Property Tax Act to do the following:

- Require an affidavit submitted for a principal residence exemption (PRE) to state that the owner had not claimed a substantially similar exemption, deduction, or credit on property in another state.
- Upon request by certain entities, require a person who claimed a PRE, within 30 days, to file an affidavit stating that he or she had not claimed a substantially similar exemption, deduction, or credit in another state.
- Specify that a claim for a substantially similar exemption, deduction, or credit on property in another state would occur at the time of the filing or granting of the similar exemption, deduction, or credit in that state.
- Prohibit a person from rescinding a substantially similar exemption, deduction, or credit claimed in another state in order to qualify for the Michigan PRE for any years denied, if the assessor of a local tax collecting unit, the Department of Treasury, or a county denied an existing claim for a PRE.
- Prescribe a penalty of \$500 for a person who claimed a PRE under the Act and a substantially similar exemption, deduction, or credit in another state.
- Require a local tax collecting unit to retain a rescission form and forward a copy of it to the Department upon request.

The bill states, "This amendatory act is curative and intended to correct any misinterpretation of the Michigan Tax Tribunal, MTT Docket No. 16-001208, issued January 10, 2017."

House Bill 4336 (H-1) would amend the Act to extend a misdemeanor penalty to a person who claimed a substantially similar exemption, deduction, or credit on property in another state with the intent to obtain a PRE under the Act.

MCL 211.7cc (H.B. 4335)
211.120 (H.B. 4336)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

House Bill 4335 (H-1) would tend to increase local school district operating revenue and reduce the State cost of the foundation allowance by a minimal amount. If penalties were assessed pursuant to the bill, State and local revenue would increase. The bill would eliminate the possibility that a homeowner could claim a Michigan principal residence exemption by retroactively rescinding a similar exemption or other property tax benefit on property in

another state. To the extent that the bill prohibited eligibility for Michigan's principal residence exemption for a property owner with a residence in another state (who had not properly rescinded the out-of-State exemption), local school district operating millage revenue would increase, and, in most cases, the State cost of the foundation allowance would decline. If a penalty were assessed pursuant to the authority in the bill, the revenue from the penalty would be distributed according to a statutory formula that allocates revenue among the Department of Treasury, the local tax collecting unit, and the county where the property is located in varying proportions depending on which local unit of government denied the exemption.

House Bill 4336 (H-1) would have no fiscal impact on the State and could have a small negative fiscal impact on local government. Any increase in misdemeanor arrests and convictions could increase resource demands on law enforcement, court systems, and community supervision. Any associated increase in fine revenue would increase funding to public libraries.

Date Completed: 9-20-17

Fiscal Analyst: Ryan Bergan
Elizabeth Pratt