



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

BILL



ANALYSIS

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

House Bill 5454 (Substitute H-2 as reported without amendment)

Sponsor: Representative Peter J. Lucido

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

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

- Allow a property owner who previously occupied the property as his or her principal residence but had vacated the property because it was damaged or destroyed to retain a principal residence exemption (PRE) if the owner met certain conditions.
- Allow an owner of property who previously occupied that property as his or her principal residence but did not occupy that property on June 1 or November 1 while absent due to the damage or destruction of the property for which the exemption was not on the tax roll to file an appeal with the July or December board of review.

The Act exempts an individual's principal residence from the tax levied by a school district for school operating purposes (typically 18 mills), to the extent provided in the Revised School Code. To claim the PRE, the homeowner must file an affidavit with the local tax collecting unit.

Not more than 90 days after the exempted property is no longer used as a principal residence, the owner must rescind the claim of exemption by filing a form with the local tax collecting unit. However, an owner may retain the exemption under certain circumstances.

MCL 211.7cc

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a negative fiscal impact on the State and no fiscal impact on local governments. It would increase School Aid Fund expenditures by an unknown, but likely minimal, amount. By reducing the requirements for homeowners to retain an exemption from the 18-mill school operating levy, the bill likely would increase the number of the exempt properties (or decrease the number that otherwise would become ineligible for the exemption). Since the exemption would reduce local school operating revenue, expenditures from the School Aid Fund would need to be increased in order to maintain per-pupil funding guarantees. The magnitude of any changes would depend on the specific characteristics of any affected property.

Date Completed: 11-28-18

Fiscal Analyst: Ryan Bergan