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House Bill 4851 (Substitute H-1 as passed by the House)
Sponsor: Representative Michele Hoytenga
House Committee: Local Government and Municipal Finance
Ways and Means
Senate Committee: Finance

Date Completed: 7-22-20

CONTENT

The bill would amend the General Property Tax Act to modify the definition of qualified error to include an issue beyond the control of a disabled veteran or his or her unremarried surviving spouse that caused a denial of an exemption.

Under the Act, if there has been a qualified error, it must be verified by the local assessing officer and approved by the board of review. If it is approved, the board of review must file an affidavit relative to the error within 30 days with the proper officials and all affected records must be corrected. If the error results in an overpayment or an underpayment, the rebate must be made to the taxpayer or the taxpayer must be notified, and payment made within 30 days of the notice.

"Qualified error" means one or more of the following:

- A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
- A mutual mistake of fact.
- An adjustment under Section 27a(4) (an adjustment in the taxable value of property after a transfer of ownership) or an exemption under Section 7hh(3)(b) for a qualified start-up business.
- An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
- An error of omission or inclusion of a part of the real property being assessed.
- An error regarding the correct taxable status of the real property being assessed.
- An error made by the taxpayer in preparing the statement of assessable personal property.
- An error made in the denial of a claim of exemption for personal property.

Under the bill, the term also would mean an issue beyond the control of a disabled veteran or his or her unremarried surviving spouse that caused a denial of an exemption. An issue beyond the control of a disabled veteran or his or her unremarried spouse would include an error made by the local tax collecting unit in the processing of a timely filed exemption affidavit or a delay in the determination by the United States Department of Veterans Affairs that a veteran was permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

MCL 211.53b

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would reduce State and local property tax revenue by an unknown and likely negligible amount. The magnitude of the revenue loss would depend on the specific characteristics of any property affected, such as the property's taxable value and the associated tax rates for the various local units that levy a tax on the property. However, the situation addressed by the bill occurs rarely and the Act's provisions allow corrections to affect only the current year and the immediately preceding year.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.