

## REQUIRE STATE REIMBURSEMENT FOR DISABLED VETERAN PROPERTY TAX EXEMPTION

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**House Bill 4625 as introduced**

**Sponsor: Rep. Jeff Yaro**

**Committee: Military, Veterans and Homeland Security**

**Complete to 5-4-21**

### SUMMARY:

House Bill 4625 would amend the General Property Tax Act to transfer the tax loss from local taxing units to the state in regard to a property tax exemption for disabled veterans.

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. When a property tax exemption for a **disabled veteran** is granted, each local taxing unit bears the loss of its portion of the taxes upon which an exemption has been granted.

Under the bill, for taxes levied after December 31, 2020, the state would have to reimburse each local taxing unit for its portion of the taxes upon which an exemption was granted.

In addition, the act now defines **disabled veteran** as a person who is a Michigan resident and who meets one of the following:

- He or she has been determined by the U.S. Department of Veterans Affairs (VA) to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- He or she 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.
- He or she has been rated by the VA as individually unemployable.

The bill would amend the above definition to provide that a disabled veteran is a **veteran** who is a Michigan resident meeting one of the above criteria.

**Veteran** would mean an individual who served in the active military, naval, marine, coast guard, or air service and who was discharged or released from his or her service with an honorable or general discharge.

MCL 211.7b

### FISCAL IMPACT:

Based on a sample of tax year 2019 taxable values for taxpayers claiming the exemption, providing a reimbursement to local tax levying entities for exempting real property owned

and used as a homestead by a 100% disabled veteran would reduce general fund revenue by approximately \$40 to \$50 million per year. However, because statute cannot mandate an appropriation to reimburse tax levying units, the legislature and governor would not be obligated to appropriate the necessary funds, in which case there would be no fiscal impact.

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