



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 45 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Dave Hildenbrand
Committee: Finance

CONTENT

The bill would amend Section 7b of the General Property Tax Act, which provides a property tax exemption for the homestead of a disabled veteran or his or her unremarried surviving spouse, to do the following:

- Delete reference to real property used and owned as a homestead, and instead exempt a principal residence that was eligible for the principal residence exemption (PRE) if the owner of the principal residence claimed the PRE and were a disabled veteran or the unremarried surviving spouse of a disabled veteran who was eligible for the exemption immediately before death.
- Extend the exemption to the unremarried surviving spouse of a deceased Michigan veteran who died from service-connected causes while on active duty in the United States Armed Forces.
- Define "deceased Michigan veteran" as an individual who served in the U.S. Armed Forces immediately before death and who was a legal resident of the State.
- Provide that "owner" and "principal residence" would mean those terms are defined in Section 7dd (which defines the terms for purposes of the PRE).
- Require an individual to file affidavit by a specific date to claim the exemption.
- Specify that the exemption would remain in place until the property was transferred or no longer used as a principal residence.

MCL 211.7b

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would reduce both School Aid Fund and local unit revenue by an unknown amount that would depend on the number of residences affected as well as the specific characteristics of affected property.

The bill would expand the number of individuals able to claim a property tax exemption as well as the property that would be included in an exemption. The expanded exemption would reduce School Aid Fund revenue by reducing the revenue received under the State Education Tax (SET). The bill also would reduce local unit revenue by reducing local property tax collections.

The Department of Treasury estimates that the bill would reduce property taxes by approximately \$7.0 million per year. Based on that estimate, the bill would reduce SET revenue by approximately \$1.3 million per year, with the remaining \$5.7 million reduction lowering local unit revenue.

Date Completed: 9-25-17

Fiscal Analyst: Elizabeth Pratt

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Bill Analysis @ www.senate.michigan.gov/sfa

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