



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 45 (as reported without amendment)
Sponsor: Senator Dave Hildenbrand
Committee: Finance

CONTENT

The bill would amend Section 7b of the General Property Tax Act do the following:

- Refer to residential or agricultural real property in the property tax exemption for the homestead of a disabled veteran or his or her unremarried surviving spouse.
- Exempt residential or agricultural real property owned and used as a homestead by 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.
- Require an affidavit to be filed by June 1 to claim the exemption for the following summer and winter tax levies, or by November 1 to claim the exemption for the winter tax levy.
- Specify that the exemption would apply only to taxes collected under the Act, and not to any special assessments unless the act providing for the assessment specified otherwise.
- Provide that, if the total amount of all taxes collected by a local tax collecting unit were reduced in excess of 5% by the exemptions granted under Section 7b, the State would have to provide reimbursement in an amount equal to that excess, upon appropriation.
- Add definitions of "own" and "homestead".

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 homesteads 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: 3-29-17

Fiscal Analyst: Elizabeth Pratt