

# Legislative Analysis

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## **EXPAND HOMESTEAD PROPERTY TAX CREDIT FOR DISABLED VETERANS WHO LEASE OR RENT**

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**House Bill 5278**

**Sponsor: Rep. Henry Yanez**

**Committee: Tax Policy**

**Complete to 12-2-14**

### **A SUMMARY OF HOUSE BILL 5278 AS INTRODUCED 2-4-14**

House Bill 5278 would amend the General Property Tax Act to increase the homestead property tax exemption for disabled military veterans, spouses, and surviving spouses who lease or rent a homestead.

Starting with tax year 2014, veterans who receive compensation from the Veterans Administration or the Armed Services at the 100% disability rating for service-incurred disabilities would receive a refundable credit against their income tax liability equal to 20% of their annual rent, not to exceed the total property tax assessed on the homestead, regardless of the type of homestead leased or rented. [The credit would also be subject to the \$1,200 annual maximum.]

For those who qualify, this credit would replace the existing homestead property tax credit available to disabled veterans. The new credit would be roughly six times the existing credit for a qualified veteran paying the statewide average rent in a local unit that has the statewide average property tax rate (subject, as noted to the \$1,200 maximum).

### **FISCAL IMPACT:**

As written, the bill would reduce net state income tax collections by \$4 million per year, and would affect the General Fund. This estimate is based on average rents and property tax rates for the state as a whole, as well as the best available data on disabled veterans living in the state. There would be no impact on local tax collecting units or the School Aid Fund.

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