

## REQUIRE STATE REIMBURSEMENT FOR DISABLED VETERAN PROPERTY TAX EXEMPTION

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4362 as introduced**  
**Sponsor: Rep. Jeff Yaro**  
**Committee: Tax Policy**  
**Complete to 2-12-18**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4362 would amend the General Property Tax Act (MCL 211.7b) to transfer the tax loss from local taxing units to the state in regard to a property tax exemption for disabled veterans.

Under current law, 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, 2017, the state would have to reimburse each local taxing unit for its portion of the taxes upon which an exemption had been granted.

### BRIEF BACKGROUND:

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. The act defines “disabled veteran” as a Michigan resident who meets any 1 of the following:

- 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.
- 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.
- Has been rated by the VA as individually unemployable.

The exemption continues when the disabled veteran dies, as long as the surviving spouse remains unmarried.

### FISCAL IMPACT:

Based on adjusted tax year 2014 taxable value survey data provided by the Department of Treasury, providing a reimbursement to local units of government for exempting the real property owned and used as a homestead by a 100% disabled veteran would reduce General Fund revenue by approximately \$20.0 million per year. However, because statute cannot mandate an appropriation, the legislature and governor would not be obligated to appropriate the necessary funds, in which case there would be no fiscal impact.

Legislative Analyst: Patrick Morris  
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.