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BILL ANALYSIS



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House Bill 4905 (Substitute H-2 as passed by the House)
Sponsor: Representative Peter J. Lucido
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 2-6-18

CONTENT

The bill would amend the General Property Tax Act to do the following:

- **Allow a property owner who previously occupied the property as his or her principal residence but now resided in any other location for the purposes of convalescence to retain a principal residence exemption (PRE) if the owner manifested an intent to return.**
- **Delete the requirement that property be unoccupied if the owner is to continue receiving the PRE while he or she resides in a nursing home or assisted living facility.**

The Act exempts an individual's principal residence from the tax levied by a school district for school operating purposes (typically 18 mills), to the extent provided in the Revised School Code. To claim the PRE, the homeowner must file an affidavit with the local tax collecting unit.

Not more than 90 days after the exempted property is no longer used as a principal residence, the owner must rescind the claim of exemption by filing a form with the local tax collecting unit. However, an owner may retain the exemption under certain circumstances.

An owner of property who previously occupied that property as his or her principal residence but now resides in a nursing home or assisted living facility may retain an exemption on that property if the owner manifests an intent to return to that property by satisfying all of the following conditions:

- The owner continues to own the property while residing in the nursing home or assisted living facility.
- The owner has not established a new principal residence.
- The owner maintains or provides for the maintenance of the property while residing in the nursing home or assisted living facility.
- The property is not occupied, is not leased, and is not used for any business or commercial purpose.

The bill would extend these provisions to a property owner who presently resided in any other location, if residing there solely for the purposes of convalescence.

A property owner residing in a nursing home, assisted living facility, or other location would have to meet all of the current conditions for retaining the PRE, except the bill would delete the requirement that the property be unoccupied.

Under the Act, an owner who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll, or an owner of property who previously occupied that property as his or her principal residence but did not occupy that property on June 1 or November 1 while residing in a nursing home or assisted living facility under the circumstances described above for which the exemption was not on the tax roll, may file an appeal with the July or December board of review in the year for which the exemption was claimed or the immediately succeeding three years.

The bill would include in this provision an owner of property who previously occupied the property as his or her principal residence but did not occupy it on June 1 or November 1 while residing in another location for the purpose of convalescence.

MCL 211.7cc

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would increase School Aid Fund expenditures by an unknown and likely minimal amount. By reducing the requirements for homeowners to retain an exemption from the 18-mill school operating levy, the bill would likely increase the number of the exempt properties (or decrease the number that otherwise would become ineligible for the exemption). Since the exemption would reduce local school operating revenue, expenditures from the School Aid Fund would need to be increased in order to maintain per-pupil funding guarantees. The magnitude of any changes would depend on the specific characteristics of any affected property.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.