

Legislative Analysis



PRINCIPAL RESIDENCE EXEMPTION

Phone: (517) 373-8080
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Senate Bill 940 (S-1) as referred to second House committee
Sponsor: Sen. Roger Victory
1st House Committee: Local Government and Municipal Finance
2nd House Committee: Ways and Means
Senate Committee: Finance
Complete to 6-9-20

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

SUMMARY:

Senate Bill 940 would amend the General Property Tax Act to extend the deadline to claim a principal residence exemption (PRE) from the typical deadline of June 1 to June 30, 2020, for the 2020 tax year only.

Under section 7cc of the act, a property owner may claim a PRE that exempts his or her principal residence from the tax levied by a local school district for operating purposes to the extent allowed by the Revised School Code. (The code allows a school district board to levy up to 18 mills for school operating purposes or the number of mills levied in 1993 for school operating purposes, whichever is less.) An affidavit claiming the exemption is typically due June 1 for the summer tax levy and November 1 for the winter tax levy.

The bill would provide that, for the 2020 tax year only, an owner could claim the exemption under section 7cc by filing an affidavit on or before June 30, 2020, for the 2020 summer tax levy and all subsequent tax levies with the local tax collecting unit in which the property is located.

MCL 211.7cc

FISCAL IMPACT:

The bill could reduce local school operating revenue from the 18-mill non-homestead levy by allowing individuals to qualify for a PRE who would not have qualified but for the extension. To the extent that local school operating revenue is reduced, the bill would increase costs for the School Aid Fund by a corresponding amount in FY 2020-21 only. An estimate of overall costs is unknown but is unlikely to be substantial. The bill could impose additional administrative duties on the Department of Treasury and local assessor's offices; however, any costs would likely be absorbed under current appropriations.

POSITIONS:

The following entities indicated support for the bill (6-9-20):

Department of Treasury
Michigan Chamber of Commerce
Michigan Realtors

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■ 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.