

## PRINCIPAL RESIDENCE EXEMPTION

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**Senate Bill 940 (H-1) as reported from 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 6-10-20**

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

*(Enacted as Public Act 96 of 2020)*

## 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.

Also, for the 2020 tax year only, an affidavit filed on or before June 30, 2020, would be processed by the assessor as specified in the act. If granting an exemption resulted in an overpayment, the local taxing unit or county treasurer would make a rebate to the taxpayer within 30 days after the exemption was granted.

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:

Department of Treasury (6-9-20)

Michigan Chamber of Commerce (6-9-20)

Michigan Realtors (6-10-20)

Legislative Analyst: Jenny McInerney  
Fiscal Analyst: Ben Gielczyk

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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.