



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 940 (Substitute S-1 as reported)
Sponsor: Senator Roger Victory
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to extend from June 1, 2020, to July 30, 2020, the deadline to file an affidavit to claim the principal residence exemption (PRE) for the 2020 summer tax levy and all subsequent tax levies.

Section 7cc of the Act exempts an individual's principal residence from the tax levied by a school district for school operating purposes, to the extent provided in the Revised School Code. To claim the PRE, the homeowner must file an affidavit with the local tax collection unit. The homeowner must file the affidavit before June 1 for the immediately succeeding summer tax levy and all subsequent tax levies.

Under the bill, for the 2020 tax year only, a homeowner could claim the PRE 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

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have a negative fiscal impact on the State and a minimal, but negative, fiscal impact on local units of government. To the extent that more homeowners would be able to qualify for a PRE for tax year 2020 because of the deadline extension, school operating revenue would be reduced. Any reduction in school operating revenue would increase costs to the School Aid Fund if per-pupil foundation allowances were maintained. The total cost is unknown as there is no way to know how many homeowners would qualify for the extension, although the number likely would be small. Any negative impact to the School Aid Fund would be limited to the 2020-21 fiscal year, as the extension would be only for 2020. The Department of Treasury would experience administrative costs to update the PRE guidelines, but those expenses would be covered by existing appropriations. Any increased administrative costs for local assessors would be minimal and would be covered by existing appropriations.

Date Completed: 6-1-20

Fiscal Analyst: Ryan Bergan
Cory Savino