



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

BILL ANALYSIS



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

Senate Bill 940 (as introduced 5-21-20)
Sponsor: Senator Roger Victory
Committee: Finance

Date Completed: 5-27-20

CONTENT

The bill would amend the General Property Tax Act to extend from June 1, 2020, to July 1, 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, if the owner could not occupy the property before June 1, 2020, because of Executive Order 2020-77 or any similar order, proclamation, or directive issued in response to the Coronavirus disease 2019 (COVID-19) pandemic.

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, notwithstanding any provision to the contrary, a property owner claiming the PRE for the 2020 summer tax levy and all subsequent tax levies could have until July 1, 2020, to file the required affidavit if the owner could not occupy the property before June 1, 2020, because of a delay caused by the stay-at-home aspects of Executive Order 2020-77 or any other similar order, proclamation, or directive issued in response to the COVID-19 pandemic. (Executive Order 2020-77, effective May 7, 2020, and continuing until May 28, 2020, at 11:59 PM, requires all individuals currently living within the State to stay at home or at their place of residence, subject to certain exceptions.)

Section 7cc requires the assessor, after receiving an affidavit to claim the PRE and unless the claim is denied, to exempt the property from the collection of the tax levied by a local school district for school operating purposes to the extent provided under the Revised School Code until December 31 of the year in which the property is transferred or, or except as otherwise provided, is no longer a principal residence, or the owner is no longer entitled to the exemption. Under the bill, this provision also would apply to affidavits received by July 1, 2020.

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.

Fiscal Analyst: Ryan Bergan
Cory Savino

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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.