



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4077 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Representative Willis Bullard, Jr.
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to make several changes regarding homestead and agricultural property tax exemptions from local school district operating property taxes; establish penalties for taxpayers who made false homestead exemption claims after December 31, 1995; and allow local boards of review, at July and December meetings, to hear appeals of claims for poverty exemptions. The bill states that it would be retroactive and take effect December 31, 1994, although proposed penalties would not apply to a violation occurring before December 31, 1995.

The bill would make the following changes in regard to the exemption process: allow a person who, on May 1, owned and occupied a homestead for which an exemption was not on the tax roll, to file an appeal with the July or December board of review in the year for which the exemption was claimed or the succeeding year; allow an owner of a homestead or qualified agricultural property to ask the Department of Treasury to withdraw an erroneous exemption; allow the owner to pay the corrected tax bill without penalty or interest under the conditions specified in the bill; allow a local assessor or treasurer to submit information to the Department on behalf of an owner, if the local official believed that the Department had erroneously denied a claim for exemption; and prescribe procedures for local units and counties regarding the handling of property for which exemptions were denied.

The bill would prohibit a person from doing any of the following: making a false or fraudulent affidavit claiming an exemption or making a false statement on an affidavit; assisting another person in an attempt to obtain an exemption wrongfully; making or permitting to be made for himself or herself a false affidavit claiming an exemption; and failing to rescind an exemption after property was no longer a homestead. A person who violated any of these provisions, with the intent to obtain or attempt to obtain a homestead exemption wrongfully, would be guilty of a felony punishable by a fine of up to \$5,000, public service of up to 1,500 hours, or both. A person who knowingly swore to or verified an affidavit claiming an exemption with the intent to assist in defrauding the State or a local unit, would be guilty of perjury, a felony punishable by the same penalties.

MCL 211.7cc et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

The changes in this bill have been accounted for in State and local estimates due to school finance reform. Unanticipated claims and increased opportunities to claim poverty exemptions, however, could slightly decrease property tax revenue to local units. Administrative costs to process the additional number of claims by local government units could increase.

Date Completed: 5-9-95

Fiscal Analyst: R. Ross

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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.