

# Legislative Analysis

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## SUMMER TAX DEFERMENT: INCOME THRESHOLD

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**Senate Bill 348 (Substitute S-1)**

**Sponsor: Sen. Nancy Cassis**

**House Committee: Tax Policy**

**Senate Committee: Finance**

**Complete to 6-29-05**

### A SUMMARY OF SENATE BILL 348 AS PASSED BY THE SENATE 5-4-05

The General Property Tax Act requires local tax collecting units that collect a summer property tax to defer the collection, at the taxpayer's request, until the following February 15 for the principal residence (formerly known as homestead property) of certain taxpayers with a household income of \$35,000 or less. To be eligible for the deferment, the taxpayer must be totally and permanently disabled; blind; paraplegic; quadriplegic; or an eligible serviceperson or an eligible veteran (or be the widow or widower of such a person). The deferment is also available to taxpayers who are at least 62 years of age or the unremarried surviving spouse of a person who was at least 62 years of age at the time of death. The taxpayer must file a claim with the local treasurer by September 15 or the date the taxes are due, whichever is later.

Senate Bill 348 would eliminate the income requirement for taxpayers listed above, except for taxpayers who are at least 62 years of age or the unremarried surviving spouse of a person who was at least 62 years of age at the time of death. For those taxpayers, the income threshold would increase to \$37,500 for the 2006 tax year and to \$40,000 for the 2007 tax year and beyond.

Summer tax deferments were first made available in 1976 through the enactment of Public Act 294 of 1975, which initially established a household income threshold of \$10,000. The threshold has since been increased on three previous occasions. Public Act 205 of 1984 increased the threshold to \$20,000, Public Act 97 of 1992 increased the threshold to \$25,000 and, most recently, Public Act 24 of 2005 increased the threshold to the current level of \$35,000. The Senate-passed version of the bill does not reflect changes made to the act by Public Act 24 of 2005. A substitute bill should be expected.

### FISCAL IMPACT:

A fiscal review is in progress.

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