

Legislative Analysis



ALLOW DISABLED VETERANS PROPERTY TAX EXEMPTION FOR COOPERATIVE HOUSING

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House Bill 4896 as introduced
Sponsor: Rep. John Fitzgerald
Committee: Local Government and Municipal Finance
Complete to 9-13-23

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

SUMMARY:

House Bill 4896 would amend section 7b of the General Property Tax Act, which provides for the disabled veteran's property tax exemption, to allow residents of a housing cooperative to be eligible for the exemption. Generally speaking, residents of a housing cooperative (also known as a "co-op") do not own their residences but are shareholders of the cooperative itself.

The act currently provides that real property owned and used as a homestead by a qualified disabled veteran is exempt from the collection of taxes under the act. If a qualified disabled veteran dies, the veteran's spouse can continue to claim the exemption unless they remarry.

The exemption is obtained by filing an affidavit with the supervisor or assessing officer during that period beginning with the tax day for each year and ending at the time of the final adjournment of the local board of review.

To qualify for the exemption, the disabled veteran must have been discharged under honorable conditions and must meet one of the following criteria:

- Have been determined by the U.S. Department of Veterans Affairs (VA) to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- Have a certificate from the VA certifying that the veteran is receiving or has received monetary assistance due to disability for specially adapted housing.
- Have been rated by the VA as individually unemployable.

House Bill 4896 would generally retain the criteria and process described above,¹ and it would provide that real property occupied as a homestead by an individual who is a tenant stockholder of a cooperative housing corporation that holds legal title to the real property qualifies for the disabled veteran's property tax exemption. (Subject to guidance from the Department of Treasury, an assessing officer could require an applicant who is a resident of a housing cooperative to submit additional information, including information from the cooperative housing corporation, to receive the exemption.)

MCL 211.7b

¹ The bill would provide that affidavits for the property tax exemption would only be filed with the appropriate assessing officer.

FISCAL IMPACT:

Under current law, expanding the exemption to include cooperative housing would reduce revenue from the state education tax to the School Aid Fund, as well as reducing local revenue. Due to a lack of data, the losses cannot be quantified.

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