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REFERENCE TO POVERTY GUIDELINES

House Bill 5935 as introduced
First Analysis (5-16-02)

Sponsor: Rep. Nancy Cassis
Committee: Tax Policy

THE APPARENT PROBLEM:

Under the General Property Tax Act, a person can gain an exemption from property taxes, in full or in part, "by reason of poverty". To receive a poverty exemption, a person must either meet federal poverty guidelines or meet alternative guidelines adopted by the governing body of the local assessing unit. In researching this provision to rewrite their local poverty guidelines, officials of the City of Novi discovered that the reference to the federal guidelines specified in the statute is incorrect. Legislation has been introduced to correct the citation.

THE CONTENT OF THE BILL:

The poverty exemption described in the General Property Tax Act refers to the federal poverty guidelines "as defined and determined annually by the United States Office of Management and Budget". House Bill 5935 would amend this provision to refer instead to the federal poverty guidelines "updated annually in the federal register by the United States Department of Health and Human Services under . . . the Omnibus Budget Reconciliation Act of 1981".

MCL 211.7a

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill should have no significant fiscal impact. (5-14-02)

ARGUMENTS:

For:

The bill would simply correct a reference to the federal poverty guidelines. This would help local units of government find the correct poverty figures and either use them directly, or compare their local standards to them as a means of evaluating and updating the local standards.

POSITIONS:

A representative of the City of Novi testified in support of the bill. (5-15-02)

The Department of Treasury indicated support for the bill. (5-15-02)

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Analyst: D. Martens

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