

# Legislative Analysis

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## PROPERTY TAX DEFERRALS

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**House Bill 4257 (Substitute H-1)**

**Sponsor: Rep. Kathy Angerer**

**Committee: Tax Policy**

**Complete to 1-23-08**

## A SUMMARY OF HOUSE BILL 4257 AS REPORTED FROM COMMITTEE

Under the General Property Tax Act (MCL 211.59), payment of winter property taxes can be deferred until May 1 without penalty or interest for a senior citizen, paraplegic, hemiplegic, quadriplegic, eligible member of the military, eligible veteran, eligible widow, or total and permanently disabled person who has claimed a homestead property tax credit under the state Income Tax Act. To receive the deferral, the taxpayer must apply for the income tax credit before February 15 and present a copy of the filed form to the county treasurer. Also to be eligible, the taxpayer could not receive the credit before March 1. This provision allows these homeowners to wait to pay property taxes until they have received their homestead credit from the state.

House Bill 4257 would retain this provision but also allow the deferral for an eligible homeowner who had made a claim for the income tax credit in the immediately preceding tax year and still resides at the same principal residence as claimed in that preceding tax year.

## BACKGROUND INFORMATION:

The aim of the bill is to expand the eligibility for winter tax deferrals for certain taxpayers claiming the homestead credit under the state income tax act. Currently, according to committee testimony, the deferral is only available to a taxpayer who files for the homestead credit before February 15. This does not allow much time for filing since tax forms and/or some relevant paperwork may not be available until late January. The bill would allow taxpayers who had filed for the credit in the previous year to receive the deferral in the current year (on the assumption that the credit would be sought again in the current year). This would be of use to taxpayers who on an annual basis seek the deferral of winter property taxes until the state credit has been received. The existing language would be retained to apply in those cases when a taxpayer had not filed a homestead property tax credit in the previous year (e.g., first-time filers).

## FISCAL IMPACT:

The bill does not appear to have any significant fiscal impact since the deferred taxes would be paid within three months.

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