

Legislative Analysis



PRINCIPAL RESIDENCE AUDITS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5870

Sponsor: Rep. Steve Bieda

Committee: Tax Policy

Complete to 5-13-08

A SUMMARY OF HOUSE BILL 5870 AS INTRODUCED 3-11-08

Public Act 105 of 2003 amended the General Property Tax Act to require the audit of principal residence exemptions. This is the exemption homeowners can claim from local school operating taxes for owner-occupied principal residences. Public Act 105 allows a county to elect to audit homestead exemptions in all local tax collecting units within the county. The Department of Treasury must audit exemptions in counties that do not elect to conduct the audits. The decision to audit exemptions must be made by the county treasurer or by the county equalization director with the concurrence of the county board of commissioners. The initial election to audit exemptions must require an audit period of two years. Subsequent elections to audit must be made every two years and require two annual audit periods. An election must be made by submission of an election-to-audit form (as prescribed by the department) to the assessor of each local tax collecting unit in the county and to the Department of Treasury by October 1 in the year in which an election is made. (A county that makes this election retains a larger portion of interest collected on unpaid taxes from denials of exemptions improperly claimed.)

House Bill 5870 would instead require, beginning in 2009, that a county's election to audit exemptions be made every five years and require five annual audit periods.

The bill also would make the deadline for submitting an election-to-audit form April 1 preceding the October 1 in the year in which an election is made.

MCL 211.7cc

FISCAL IMPACT:

The fiscal impact is indeterminate.

Legislative Analyst: Chris Couch

Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.