



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 55 (Substitute S-1 as reported)
Sponsor: Senator Jeff Irwin
Committee: Housing and Human Services

CONTENT

The bill would amend the General Property Tax Act to do the following:

- Eliminate reference to "supervisor" in provisions pertaining to a property exemption for property tax on a principal residence.
- Allow a board of review to grant a partial poverty exemption equal to a 75% reduction in taxable value for the tax year in which the exemption was granted.
- Extend a provision allowing an automatic poverty exemption under certain conditions for the 2022 tax year through the 2023 tax year for properties that were exempt in the 2019, 2020, or 2021 tax year.
- Specify that, if an exemption were not on the assessment roll and was not denied, the July or December board of review would have to grant a poverty exemption for the immediately preceding year on an eligible individual's principal residence.
- Include in the definition of "qualified error" an exemption as specified above.

MCL 211.7u & 211.53b

BRIEF RATIONALE

Public Act 253 of 2020 allowed local units of government to adopt a resolution for an automatic poverty tax exemption that applied for three years and had one-year look-back in granting the exemption. Exemption recipients met certain qualifications and did not have to continually prove their eligibility during the pandemic. It has been suggested that while the program has been a tool for local governments, the opt-in window was too short and should be extended.

PREVIOUS LEGISLATION

(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

The bill is a reintroduction of Senate Bill 881 of the 2021-2022 Legislative Session. A substitute version of the bill was reported out of the Senate Committee on Finance and was passed by the Senate but received no further action.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

This bill would have a small negative fiscal impact on State revenue and local revenue. The bill would increase the potential partial tax liability reduction for poverty exemptions from 25% or 50%, to 25%, 50%, or 75%, which could reduce property tax revenue to the local government and the State. The bill also would allow for the exemption to be applied retroactively. Additional exemptions could reduce funding to the School Aid Fund. The Department of Treasury estimates the total exemption is approximately \$6.3 million; the bill could increase that cost slightly.

Date Completed: 3-8-23

Fiscal Analyst: Bobby Canell

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Bill Analysis @ www.senate.michigan.gov/sfa

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