

QUALIFIED ERROR IN DETERMINING DISABLED VETERAN PROPERTY TAX EXEMPTION

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House Bill 4851 (H-1) as reported from committee

Sponsor: Rep. Michele Hoytenga

1st Committee: Local Government and Municipal Finance

2nd Committee: Ways and Means

Complete to 10-23-19

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

BRIEF SUMMARY: House Bill 4851 would amend the General Property Tax Act to change the definition of a “qualified error” to include issues that cause a disabled veteran or their spouse to be denied their exemption for issues beyond their control.

FISCAL IMPACT: As written, the bill would have no impact on state or local revenue but could potentially reduce local administrative costs by a small amount.

THE APPARENT PROBLEM:

Currently, if a disabled veteran erroneously loses their status as one, they have little reprieve to fix the error in time to regain their tax exemption. Whether or not it was their fault or the fault of state or local tax officials, disabled veterans could instantly lose their status and thus be forced into a lengthy and costly process to get it back, while doing so on a fairly short timetable. Legislation has been proposed to address the issue.

THE CONTENT OF THE BILL:

House Bill 4851 would also amend the act’s definition of *qualified error* to include issues beyond the control of a disabled veteran or his or her unmarried surviving spouse that resulted in the denial of their disabled veteran property tax exemption.

A *qualified error* is an error made in the assessment of a real property’s taxable value that may be appealed by the property owner before the relevant deadline.

An issue would be considered “beyond the control of a disabled veteran” if it was made by the local tax collecting unit in the processing of a timely filed exemption affidavit or if it was a delay in the determination by the US Department of Veterans Affairs that a veteran was permanently and totally disabled as a result of military service and entitled to veterans’ benefits at the 100% rate.

MCL 211.7b and 211.53b

BRIEF DISCUSSION:

Concerns were raised that the introduced bill, as written, held local governments liable instead of the state. The one-time filing nature of the reprieve for disabled veterans that was proposed by the introduced bill would have put localities on the line to repay taxes, which might already have been spent, at a time when many counties and other local governmental units operate under increasingly tight budgets. Opponents of the introduced bill indicated that they were not against providing disabled veterans with such a reprieve, but hoped to have their concerns addressed before the bill was enacted.

The House Local Government and Municipal Finance committee adopted and referred, and the House Ways and Means committee reported, an H-1 substitute to address these concerns.

POSITIONS:

The following entities indicated support for the bill:

Michigan Department of Treasury (10-16-19)

Michigan Assessors Association (10-22-19)

Representatives of the following organizations testified in opposition to the bill (10-2-19):

Michigan Municipal League

Michigan Township Association

The Michigan Association of Counties indicated opposition to the bill as introduced. (10-2-19)

Legislative Analyst: Nick Kelly
Fiscal Analyst: Jim Stansell

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