

# Legislative Analysis

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## PROPERTY TAX DEFERRALS

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### House Bill 4119

Sponsor: Rep. Kathy Angerer

Committee: Urban Policy

Complete to 3-16-09

## A SUMMARY OF HOUSE BILL 4119 AS INTRODUCED 1-22-09

Under the General Property Tax Act, 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 must 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 delay paying property taxes until they have received their income tax homestead credit from the state.

House Bill 4119 would retain this provision (at MCL 211.59) but also allow the tax deferral for a 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 some taxpayers claiming the homestead credit under the state income tax act. Currently, according to committee testimony in the 2007-08 legislative session, 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 other 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 seek this deferral of winter property taxes each year. The existing language would be retained to apply to taxpayers who 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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