

Legislative Analysis



PRINCIPAL RESIDENCE DENIAL: NO CORRECTED TAX BILL UNLESS DUE TO OWNER ERROR

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House Bill 4861

Sponsor: Rep. Jim Stamas

Committee: Tax Policy

Complete to 5-8-12

A SUMMARY OF HOUSE BILL 4861 AS INTRODUCED 7-27-11

Under the General Property Tax Act, a principal residence is exempt from the 18-mill local school district operating tax. Generally speaking, a principal residence is an owner-occupied residence that is the owner's primary residence. With rare exceptions, a person can have only one residence with such an exemption. The owner of a principal residence must file an affidavit claiming the exemption. An assessor can deny a claim for an exemption in the current year and for the three immediately preceding calendar years. In that case, a corrected tax bill is issued for any additional back taxes owed with interest and penalties added.

Under House Bill 4861, the corrected or supplemental tax bill for additional taxes, interest, and penalties would be issued only if the reason for the denial of the principal residence exemption was due to an error on the part of the owner claiming the exemption. If the reason for the denial was not due to an error on the part of the owner, then the assessor would amend the tax roll to reflect the denial but the local treasurer could not issue a corrected or supplemental tax bill, and any unpaid taxes, interest, or penalties would not be a lien on the property.

FISCAL IMPACT:

In cases where an improper principal residence had been granted, but the exemption was not the result of an error on the part of the property owner, the bill could result in a reduction in school taxes collected.

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