

House Bill 4812 (Substitute H-1 as reported without amendment)
Sponsor: Representative Julie Alexander
House Committee: Financial Services
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to specify that, for a transfer of eligible nonprofit housing property from a charitable nonprofit housing organization to a low-income person that occurred on or after December 31, 2021, the loan amount stated in the closing disclosure form for the transfer would be the presumptive true cash value of the property.

Under Section 27 of the Act, "true cash value" means the usual selling price at the place where the property to which the term is applied is at the time of assessment, being the price that could be obtained for the property at private sale, and not at auction sale except as otherwise provided, or at forced sale. However, in the case of eligible nonprofit housing property, the purchase price paid in a transfer of the property from a charitable nonprofit housing organization to a low-income person that occurs after December 31, 2010, is the presumptive true cash value of the property transferred.

Under the bill, this would apply until December 30, 2021. For a transfer of eligible nonprofit housing property from a charitable nonprofit housing organization to a low-income person that occurred on or after December 31, 2021, the loan amount stated in the closing disclosure form for the transfer would be the presumptive true cash value of the eligible nonprofit housing property transferred.

Currently, "low-income person" means a person with a family income of not more than 60% of the statewide median gross income who is eligible to participate in the charitable nonprofit housing organization's program based on criteria established by the charitable nonprofit housing organization. The bill would increase this threshold to 80%.

MCL 211.27

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would reduce State and local property tax revenue by an unknown amount that would depend on the number of properties transferred under the bill's provisions, which likely would be greater than under current law, and the millage rates applicable to those properties. The bill would change the presumptive true cash value from the purchase price to the loan amount on the closing disclosure form. The estimated fiscal impact assumes that in most (if not all) transfers, the loan amount would be less than or equal to the purchase price. The bill also would expand the number of individuals who would qualify as low-income individuals eligible under the bill by raising the income limit from 60% of the statewide median gross income to 80%.

Date Completed: 6-22-22

Fiscal Analyst: David Zin

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

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