

STATE SENATOR • GILDA Z. JACOBS • 14TH DISTRICT

Jacobs Press Release

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SENATOR JACOBS INTRODUCES SENIOR PROPERTY TAX RELIEF

Exemptions for 'pop up' tax would apply to homeowners 65 and older

LANSING – Sen. Gilda Z. Jacobs (D-Huntington Woods) today introduced legislation that would provide a property tax exemption from spiking property tax increases for senior citizens 65 and older when they purchase a new home. This exemption would apply to long-time homeowners with capped property taxes from a sizeable tax increase on the new residence.

The tax increases, commonly called “pop-up” taxes, are a result of growth restrictions on property taxes mandated by passage of Proposal A in 1994. Under Proposal A, taxes are capped at the existing rate of inflation or five percent, whichever is less, for the current property owner. However, often the house increases in value above the rate of inflation. When the house is sold, the new owner is taxed at the uncapped rate.

"When Proposal A was adopted, one of its intentions was to promote long-term home ownership," Sen. Jacobs said. "It's ironic that those same long-term homeowners are now transitioning into retirement, but are, in effect, 'trapped' in their larger homes which they can't leave because they can't afford the tax liability on a new residence."

This legislation will allow senior citizens to file an affidavit with the local property tax assessor attesting they are eligible for the exemption. To qualify, the homeowner must have claimed their current home as a principal residence for three years or more and be the eligible prospective owner of a new principal residence. Eligibility is subject to the approval of the local tax assessor.

"Home ownership is not only a basic element of the American Dream, but it is critical to Michigan's economic stability," Jacobs said. "This legislation will assure that our vulnerable populations can downsize or change residences without the economic threat of untenable taxes."

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