

STATE SENATOR • GILDA Z. JACOBS • 14TH DISTRICT

Jacobs Press Release

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SEN. JACOBS SEEKS FUTURE PROPERTY TAX DISCLOSURE ON HOME LISTINGS

Bill would require prominent link to tax estimator website

LANSING— Sen. Gilda Z. Jacobs (D-Huntington Woods) has submitted legislation that would require all new or renewal listings made by a real estate broker and entered on any multi-list system to include a hyperlink to the Department of Treasury website containing the property tax estimator. The legislation is intended to inform prospective buyers of any projected tax increases, commonly called "pop up" taxes, which occur when homeowners sell a home with a property tax cap and the buyers are taxed at the new rate.

"This legislation is intended to protect prospective buyers from unexpected and often dramatic increases in property taxes that occur when purchasing a home whose property tax rate has been capped," Sen. Jacobs said. "Providing the link to the Treasury Department's property tax estimator on the listing will allow buyers to more accurately predict their future property tax obligation before the sale is consummated."

The legislation would require that the hyperlink be printed or displayed prominently on the listing in a font that is bold, underlined, and at least two sizes larger than the majority of the font on the listing.

The "pop up" tax increases are a result of restrictions on property taxes mandated by passage of Proposal A in 1994. Under Proposal A, taxes are capped at the lesser of 5% or the rate of inflation 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.

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