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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: April 26, 2022

RE: Report on Senior Residents over 65 Property Tax

The Legislative Policy Division (LPD) has been requested by Council Member Mary Waters to provide a memo regarding senior citizens over the age of 65 and Property taxes. The request posed the following questions which LPD has attempted to provide a response.

1. Can a system be put in place to automatically exempt seniors from property taxes should they qualify for existing abatement programs?

LPD has provide a more detailed response in an April 7, 2022, Privileged and Confidential memorandum. However, in general, the authority to provide exemption or abatement of taxes is exclusive reserved to the State of Michigan. The method by which those who qualify for those exemptions and the procedure for obtaining the exemption is governed by State law. The State law exemption for poverty includes a provision that may apply to seniors or persons with a disability that receive government assistance as the sole source of income that is below the poverty level as set forth under MCL 211.7u(6). This provision also allows for a person exempt for the first time from the collection of taxes in tax year 2021, 2022, or 2023 to remain exempt

under this section for up to 3 additional years after its initial year of exempt status without subsequent reapplication.

2. What would the impact of such a system be? Please let us know what percentage of seniors qualify currently in the City of Detroit and what percentage of eligible seniors actually receive abatements.

LPD is unable to ascertain the impact of such system as we are unaware of any data that specifically distinguishes the number of senior citizens that received the exemption. The State law exemption is based upon poverty whereby age is not a determining factor. LPD notes this poverty exemption may apply to many seniors over 65.

3. Are there any incentives/opportunities for help for seniors who do not qualify for abatement?

Again, with regard to tax exemptions or abatements, they are the exclusive purview of the State. Seniors who do not qualify for the poverty exemption. State law does provide to the governing body of a city the right to waive the interest, administrative fees and late penalty charges on senior property owners under MCL 211.44 which provides in pertinent part:

The governing body of a city or township may waive interest from February 15 to the last day of February on a summer property tax that has been deferred under section 51 or any late penalty charge for the homestead property of a senior citizen, paraplegic, quadriplegic, hemiplegic, eligible serviceperson, eligible veteran, eligible widow or widower, totally and permanently disabled person, or blind person, as those persons are defined in chapter 9 of the income tax act of 1967, 1967 PA 281, MCL 206.501 to 206.532, if the person makes a claim before February 15 for a credit for that property provided by chapter 9 of the income tax act of 1967, 1967 PA 281, MCL 206.501 to 206.532, if the person presents a copy of the form filed for that credit to the local treasurer, and if the person has not received the credit before February 15.

While the tax itself is not exempted, the additional interest, fees and late charges can be waived. LPD is not aware of any other State law property tax incentives for seniors. LPD notes, not all seniors have trouble paying property taxes and many of the poverty exemptions are granted to seniors.

If we can be of further assistance, please call upon us.