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# City of Detroit

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**TO:** Detroit City Council

**FROM:** David Whitaker, Director   
Legislative Policy Division

**DATE:** May 18, 2022

**RE:** **Supplemental Report on Senior Residents over 65 Property Tax**

The Legislative Policy Division (LPD) was requested by Council Member Coleman A. Young, II as well as the other members of the Budget, Finance and Audit Standing Committee to provide additional information regarding senior citizens over the age of 65 and income taxes as well as property tax exemptions for veterans. In the prior report, LPD addressed the issue of other incentives/opportunities for seniors as they related to property taxes and provided the following answer:

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 was made aware of information regarding income tax credits for senior citizens. LPD herein notes that pursuant to Public Act 281 of 1967, *Income Tax Act of 1967*, MCL 206.520, the state does provide income tax credits to seniors and renters under subsections 9-15 which provide in pertinent part:

(9) If the credit authorized and calculated under this section and section 522 and adjusted under subsection (7) or (8) does not provide to a senior citizen who rents or leases a homestead that amount attributable to rent that constitutes more than 40% of the total household resources of the senior citizen, the senior citizen may claim a credit based upon the amount of total household resources attributable to rent as provided by this section.

(10) A senior citizen whose gross rent paid for the tax year is more than the percentage of total household resources specified in subsection (9) for the respective tax year may claim a credit for the amount of rent paid that constitutes more than the percentage of the total household resources of the senior citizen specified in subsection (9) and that was not provided to the senior citizen by the credit computed pursuant to this section and section 522 and adjusted pursuant to subsection (7) or (8).

(13) A senior citizen who moves to a different rented or leased homestead shall determine, for 2 tax years after the move, both his or her qualification to claim a credit under subsections (9) to (15) and the amount of a credit under subsections (9) to (15) on the basis of the annualized final monthly rental payment at his or her previous homestead, if this annualized rental is less than the senior citizen's actual annual rental payments.

(15) For tax years before the 2018 tax year, the total credit allowed by this section and section 522 shall not exceed \$1,200.00 per year. Except as otherwise provided under this subsection, for the 2018 tax year and each tax year after 2018, the total credit allowed by this section and section 522 shall not exceed \$1,500.00 per year. Beginning with the 2021 tax year and each tax year after 2021, the maximum amount of the credit allowed under this section and section 522 for the immediately preceding tax year shall be adjusted by the percentage increase in the United States consumer price index for the immediately preceding calendar year. The department shall round the amount to the nearest \$100.00 increment.

Under the above stated provisions, a senior citizen may claim a credit based upon the amount of total household resources attributable to rent as provided by the statute.

In addition to the question of senior citizen incentives/opportunities, there was a question regarding property tax exemptions afforded veterans. Pursuant to MCL 211.7(b) provides in pertinent part:

Sec. 7b.

(1) Real property used and owned as a homestead by a disabled veteran who was discharged from the armed forces of the United States under honorable conditions or by an individual described in subsection (2) is exempt from the collection of taxes under this act. To obtain the exemption, an affidavit showing the facts required by this section and a description of the real property shall be filed by the property owner or his or her legal designee with the supervisor or other assessing officer during the period beginning with the tax day for each year and ending at the time of the final adjournment of the local board of review. The affidavit when filed shall be open to inspection. The county treasurer shall cancel taxes subject to collection under this act for any year in which a disabled veteran eligible for the exemption under this section has acquired title to real property exempt under this section. Upon granting the exemption under this section, each local taxing unit shall bear the loss of its portion of the taxes upon which the exemption has been granted.

Under this statutory provision, a disabled veteran discharged under honorable conditions is exempt from paying property taxes. This exemption is available regardless of whether the disabled veteran's income is below the poverty level. To obtain the exemption an affidavit must be filed with the assessor during the period beginning with the tax day for each year and the time before the final adjournment of the Board of Review.

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