

Tax changes irk people who plan moves in 1994

BY TIM RICHARD
STAFF WRITER

People who are changing homes in the middle of 1994 are in a gray area on their homestead property taxes.

They're flooding this newspaper and local assessors with calls about how to claim the lower six-mill or 12-mill property tax rate on their principal residence.

The law says they must file a simple affidavit declaring a residence by March 1 (although that deadline is likely to be extended to mid-April). Summer tax bills come out July 1.

Q. "We're retired and have two properties, one in Livonia and one in Livingston County. We play to sell the Livonia one in early summer and move to Livingston County." "Our closing date is the middle of March. How does this affect us?" "I live in Clarkston and am moving to Houghton Lake."

Oakland County Executive L. Brooks Patterson has eight trained assessors who took 1,087 calls the first day, and three-quarters asked similar questions. "Check with the previous homeowners.

Encourage them to file the affidavit," Patterson said. "If the present owner files, that protects that residence."

"If they don't, you go ahead and file, even before you move in. Pencil in a note telling us that, and we will accept it."

"If you're closing on a new house, file with the assessor ahead of time. Go ahead and file now and say, 'I'm moving in six weeks.' Any good faith claim will be accepted," Patterson said. Other officials echo the attitude of cooperation.

This is a brand new law and totally new experience for local assessors. Two have called this newspaper to complain they have less information from the state Treasury Department than we have.

The key point is that you may claim the lower tax rate only on the home you declare is your principal residence — not your cottage, your detached farmhand, rental property or a property you're selling on land contract.

Q. Where do I get forms to file for the homestead exemption?

Oakland County sent out forms for every community except Novi a week ago. Livingston County is mailing out

forms for all communities.

In other areas, cities and townships are mailing out their own forms.

The form takes literally one minute to fill out and mail — "pretty user friendly," in Patterson's words. It's best to wait for the mailed form because it will contain your PIN (property identification number), an essential piece of information.

If you don't get a form by (say) the end of this week, this newspaper will send you one for a \$4.95 service charge. Call toll free at 1-800-967-6904 from anywhere in the U.S. Ask for item 0301. Have your Visa or Mastercard charge card ready.

You may choose delivery by:

■ Fax (give the complete number with area code).

■ Mail (give complete mailing address with zip code).

■ Federal Express overnight (for an additional \$20).

Q. Will they be hard-nosed about the March 1 deadline?

Most offices are unlikely to be hard-nosed. Anything postmarked close to the March 1 deadline is likely to be accepted.

If you're late (say) because of a Florida trip, write the assessor a note of explanation.

Again, the deadline probably will be extended. But don't set the form aside to give to your tax accountant later. Fill it out immediately.

Q. I refuse to give my Social Security number. It's an invasion of privacy!

Prepare to pay the full 24 mills tax rate. Social Security numbers are used as a cross-check to make sure dishonest folks don't try to claim two exemptions.

Q. What is this "hold harmless" millage, and is it likely to go up? What is "enhancement" millage?

They are two different things.

■ "Hold harmless" millage applies to school districts spending more than \$6,500 per pupil, mainly in southern Oakland County. Under finance reform, the state will make all school operating payments, but only up to \$6,500. The 40 or so school districts spending more than that are permitted to ask voters for more.

A hold-harmless millage will be levied on homestead property only until the rate reaches 18 mills. Beyond that, it's levied on all property. In some districts, millages approved in the past can be continued, but at some point voters must approve a renewal. Every district is different.

The odds are these millages won't rise. School spending will be pretty much tied to the rate of growth of sales tax revenue and property taxes.

■ "Enhancement" millage is extra money approved by voters to improve its program. Enhancement money must be pooled within an intermediate (county) district. Says the Senate Fiscal Agency: "If District A levied two mills and District B levied three mills, the districts would have to pool the revenue from two mills (on a per-pupil basis), but District B could keep the revenue from its additional one mill."

This newspaper will print answers to questions of general interest. By touch-tone, call (313) 953-2047 Ext. 1881. One question per call, please.

Senate Democrats toss monkey wrench in transfer tax

BY TIM RICHARD
STAFF WRITER

Democrats hope they've stuck a poison pill into a cut in the real estate transfer tax sought by Gov. John Engler.

The House Wednesday passed the tax cut 76 to 28. But it failed to come up with the two-thirds majority (72) to give Senate Bill 999 immediate effect. The second vote was 68 to 32.

So if the Engler-backed Proposal A wins March 15 at the polls, the real estate transfer tax — a 2 percent sales tax on homes — can't be cut to 0.75 percent until about April 1, 1995.

Under the statutory plan, which has a 1 percent effect of

Proposal A loses, the real estate transfer tax starts at 1 percent on May 1 and drops to 0.75 percent in April of 1995.

"It will kill real estate sales," said Republicans like Rep. Willis Bullard of Milford and Sen. Michael Bouchard of Birmingham. Bouchard sponsored the bill. Bullard guided it through the House Taxation Committee.

They fear sellers will keep houses off the market until April of 1995 in order to avoid a tax of \$200 per \$100,000 of sale price.

Under Proposal A, the real estate transfer tax's yield will be cut by \$266 million on a full-year basis, Bouchard said.

The Republican chieftains hope to try again for a two-thirds immediate effect vote — perhaps after the March 15 election, when the issue may be less partisan.

Engler called the plan a "poison pill" designed to damage Proposal A at the polls. The governor said he proposed it last October when it appeared home property taxes would be zeroed out completely, but he wanted to drop it after the residential property tax was revived. Engler said it was reinserted in the Dec. 23-24 marathon legislative session.

Four Democrats — including Rep. Justine Barns of Westland — voted both ways: for the tax cut but against giving it immediate effect.

Voting no both times were Democrats Maxine Berman of Southfield, David Gubow of Huntington Woods, William Keith of Garden City and Richard Young of Dearborn Heights.

Voting yes both times were Republicans Lyn Bankes of Redford, Penny Crissman of Rochester, Barbara Dobb of Union Lake, Jan Dolan of Farmington Hills, John Jamian of Bloomfield Township, Shirley Johnson of Royal Oak, Greg Kaza of Rochester Hills, Jerry Vorva of Plymouth and Deborah Whyman of Canton.

The final vote followed a long battle along party lines over parliamentary maneuvers and amendments.

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