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Contact: Ben Bodkin
(517) 373-5932

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## Senators Brown and Sikkema Introduce Principal Residence Assurance Program

### Measures to Bring in New Revenue without Raising Taxes

**(LANSING)** – In an effort to close a real tax loophole and collect millions in lost revenue from unlawful homestead property exemption, state Senator Cameron S. Brown, R-Fawn River Township, and Senate Majority Leader Ken Sikkema, R-Wyoming, introduced the Principal Residence Assurance Program at a press conference today.

"At a time of critical need, we have the opportunity to collect additional revenue without raising taxes," Brown said. "This new revenue source will accrue annually to the benefit of our local schools, the state School Aid Fund, and ultimately help the balance sheet of the state's General Fund."

With the passage of Proposal A, Michigan residents are allowed to claim an exemption of 18 school mills (currently known as the *homestead exemption*) on their principal residence. Many who own vacation homes in Michigan, and many residents who own multiple homes in the state, have duplicate exemptions in violation of Michigan law.

"Today, through the introduction of the Principal Residence Assurance Program, we are upholding the integrity of Proposal A and closing a real loophole in Michigan tax policy," Sikkema said. "The message we are sending is if multiple-home owners claim more exemptions than they are eligible for, it will no longer go unnoticed."

Such violations may not necessarily be committed knowingly as many residents have been allowed to carry multiple exemptions due to a failure of the state tax system to be self-correcting,

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thereby underscoring the need for the legislation. The Michigan Department of Treasury is the ultimate enforcer to police unlawful homestead exemptions, but qualifications and subsequent enforcement have lagged for several reasons, including cost and manpower.

The Principal Residence Assurance Program will provide an incentive to allow counties to be involved in the examination of principal residence exemptions. County treasurers, or their agents – Equalization Departments – will be provided the option to participate in the qualification program.

If a county chooses to participate, the Department of Treasury will provide the participating county with lists of property owners with multiple exemptions. The counties may then retain 10 percent of collected revenue on disqualified exemptions.

Should counties choose not to pursue the review of the exemptions, the state will be responsible for conducting the total examination of the list. This process will be performed on an annual basis.

The legislation was announced this afternoon during a press conference at the State Capitol.

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