

**SUBSTITUTE FOR
SENATE BILL NO. 1234**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7u (MCL 211.7u), as amended by 2012 PA 135.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7u. (1) The principal residence of ~~persons~~**a person** who,
2 in the judgment of the supervisor and board of review, by reason of
3 poverty, ~~are~~**is** unable to contribute toward the public charges is
4 eligible for exemption in whole or in part from ~~taxation~~**the**
5 **collection of taxes** under this act. This section does not apply to
6 the property of a corporation.

7 (2) To be eligible for exemption under this section, a person
8 shall, **subject to subsections (6) and (8)**, do all of the following
9 on an annual basis:



1 (a) ~~Be an owner of~~ **Own** and occupy as a principal residence the
2 property for which an exemption is requested. **The person shall**
3 **affirm this ownership and occupancy status in writing by filing a**
4 **form prescribed by the state tax commission with the local**
5 **assessing unit.**

6 (b) File a claim with the ~~supervisor or~~ board of review on a
7 form **prescribed by the state tax commission and** provided by the
8 local assessing unit, accompanied by federal and state income tax
9 returns for all persons residing in the principal residence,
10 including any property tax credit returns, filed in the immediately
11 preceding year or in the current year. Federal and state income tax
12 returns are not required for a person residing in the principal
13 residence if that person was not required to file a federal or
14 state income tax return in the tax year in which the exemption
15 under this section is claimed or in the immediately preceding tax
16 year. If a person was not required to file a federal or state
17 income tax return in the tax year in which the exemption under this
18 section is claimed or in the immediately preceding tax year, an
19 affidavit in a form prescribed by the state tax commission may be
20 accepted in place of the federal or state income tax return. The
21 filing of a claim under this subsection constitutes an appearance
22 before the board of review for the purpose of preserving the
23 claimant's right to appeal the decision of the board of review
24 regarding the claim.

25 (c) Produce a valid ~~driver's~~ **driver** license or other form of
26 identification if requested by the supervisor or board of review.

27 (d) Produce a deed, land contract, or other evidence of
28 ownership of the property for which an exemption is requested if
29 required by the supervisor or board of review.



1 (e) Meet the federal poverty guidelines ~~updated annually~~
 2 **published in the prior calendar year** in the ~~federal register~~
 3 **Federal Register** by the United States ~~department~~ **Department** of
 4 ~~health~~ **Health** and ~~human services~~ **Human Services** under **its** authority
 5 ~~of section 673 of subtitle B of title VI of the omnibus budget~~
 6 ~~reconciliation act of 1981, Public Law 97-35,~~ **to revise the poverty**
 7 **line under** 42 USC 9902, or alternative guidelines adopted by the
 8 governing body of the local assessing unit provided the alternative
 9 guidelines do not provide income eligibility requirements less than
 10 the federal guidelines.

11 (3) The application for an exemption under this section ~~shall~~
 12 **must** be filed after January 1 but before the day prior to the last
 13 day of the board of review.

14 (4) The governing body of the local assessing unit shall
 15 determine and make available to the public the policy and
 16 guidelines ~~the local assessing unit uses~~ **used** for the granting of
 17 exemptions under this section. The guidelines ~~shall~~ **must** include,
 18 but **are** not ~~be~~ limited to, the specific income and asset levels of
 19 the claimant and total household income and assets.

20 (5) The board of review shall follow the policy and guidelines
 21 of the local assessing unit in granting or denying an exemption
 22 under this section unless the board of review determines there are
 23 substantial and compelling reasons why there should be a deviation
 24 from the policy and guidelines and the substantial and compelling
 25 reasons are communicated in writing to the claimant.

26 (6) **Notwithstanding any provision of this section to the**
 27 **contrary, a local assessing unit may permit a principal residence**
 28 **exempt from the collection of taxes under this section in calendar**
 29 **year 2019 or 2020, or both, to remain exempt under this section**



1 through calendar year 2023 without subsequent reapplication for the
 2 exemption, and may permit a principal residence exempt for the
 3 first time from the collection of taxes under this section in
 4 calendar year 2021, 2022, or 2023 to remain exempt under this
 5 section for up to 3 additional years after its initial year of
 6 exempt status without subsequent reapplication for the exemption,
 7 if the person who establishes initial eligibility under subsection
 8 (2) receives a fixed income solely from public assistance that is
 9 not subject to significant annual increases beyond the rate of
 10 inflation, such as federal Supplemental Security Income or Social
 11 Security disability or retirement benefits. Both of the following
 12 apply to a person who obtains an extended exemption under this
 13 subsection:

14 (a) The person shall file with the local assessing unit, in a
 15 form and manner prescribed by the state tax commission, an
 16 affidavit rescinding the exemption as extended under this
 17 subsection within 45 days after either of the following, if
 18 applicable:

19 (i) The person ceases to own or occupy the principal residence
 20 for which the exemption was extended.

21 (ii) The person experiences a change in household assets or
 22 income that defeats eligibility for the exemption under subsection
 23 (2).

24 (b) If the person fails to file a rescission as required under
 25 subdivision (a) and the property is later determined to be
 26 ineligible for the exemption under this section, the person is
 27 subject to repayment of any additional taxes with interest as
 28 described in this subdivision. Upon discovery that the property is
 29 no longer eligible for the exemption under this section, the



1 assessor shall remove the exemption of that property and, if the
 2 tax roll is in the local tax collecting unit's possession, amend
 3 the tax roll to reflect the removal of the exemption, and the local
 4 treasurer shall, within 30 days of the date of the discovery, issue
 5 a corrected tax bill for any additional taxes with interest at the
 6 rate of 1% per month or fraction of a month computed from the date
 7 the taxes were last payable without interest. If the tax roll is in
 8 the county treasurer's possession, the tax roll must be amended to
 9 reflect the removal of the exemption and the county treasurer
 10 shall, within 30 days of the date of the removal, prepare and
 11 submit a supplemental tax bill for any additional taxes, together
 12 with interest at the rate of 1% per month or fraction of a month
 13 computed from the date the taxes were last payable without
 14 interest. Interest on any tax set forth in a corrected or
 15 supplemental tax bill again begins to accrue 60 days after the date
 16 the corrected or supplemental tax bill is issued at the rate of 1%
 17 per month or fraction of a month. Taxes levied in a corrected or
 18 supplemental tax bill must be returned as delinquent on the March 1
 19 in the year immediately succeeding the year in which the corrected
 20 or supplemental tax bill is issued.

21 (7) ~~(6)~~—A person who files a claim under this section is not
 22 prohibited from also appealing the assessment on the property for
 23 which that claim is made before the board of review in the same
 24 year.

25 (8) Notwithstanding any provision of this section to the
 26 contrary, if the assessor determines that a principal residence of
 27 a person by reason of poverty is still eligible for this exemption
 28 and the property was exempt from the collection of taxes under this
 29 section in tax year 2019 or 2020, or both, the property shall



1 remain exempt from the collection of taxes under this section
2 through calendar year 2021 if, on or before February 15, 2021, the
3 governing body of the local assessing unit in which the principal
4 residence is located adopts a resolution that continues the
5 exemption through tax year 2021 for all principal residences within
6 the local assessing unit that were exempt from the collection of
7 taxes under this section in tax year 2019 or 2020, or both. The
8 local assessing unit may require the owner of a principal residence
9 exempt from the collection of taxes under this subsection to affirm
10 ownership, poverty, and occupancy status in writing by filing with
11 the local assessing unit the form prescribed by the state tax
12 commission under subsection (2) (a).

13 (9) ~~(7)~~—As used in this section, "principal residence" means
14 principal residence or qualified agricultural property as those
15 terms are defined in section 7dd.

