

HOUSE 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. **If the local assessing unit**
 18 **maintains a website, the local assessing unit shall make the policy**
 19 **and guidelines, and the form described in subsection (2) (b),**
 20 **available to the public on the website.** The guidelines ~~shall~~ **must**
 21 include, but **are** not ~~be~~ limited to, the specific income and asset
 22 levels of the claimant and total household income and assets.

23 (5) The board of review shall follow the policy and guidelines
 24 of the local assessing unit in granting or denying an exemption
 25 under this section. ~~unless the board of review determines there are~~
 26 ~~substantial and compelling reasons why there should be a deviation~~
 27 ~~from the policy and guidelines and the substantial and compelling~~
 28 ~~reasons are communicated in writing to the claimant.~~ **If a person**
 29 **claiming an exemption under this section is qualified under the**



1 eligibility requirements in subsection (2), the board of review
2 shall grant the exemption in whole or in part, as follows:

3 (a) A full exemption equal to a 100% reduction in taxable
4 value for the tax year in which the exemption is granted.

5 (b) A partial exemption equal to 1 of the following:

6 (i) A 50% or 25% reduction in taxable value for the tax year in
7 which the exemption is granted.

8 (ii) As approved by the state tax commission, any other
9 percentage reduction in taxable value for the tax year in which the
10 exemption is granted, applied in a form and manner prescribed by
11 the state tax commission.

12 (6) Notwithstanding any provision of this section to the
13 contrary, a local assessing unit may permit by resolution a
14 principal residence exempt from the collection of taxes under this
15 section in tax year 2019 or 2020, or both, to remain exempt under
16 this section in tax years 2021, 2022, and 2023 without subsequent
17 reapplication for the exemption, provided there has not been a
18 change in ownership or occupancy status of the person eligible for
19 exemption under subsection (2), and may permit a principal
20 residence exempt for the first time from the collection of taxes
21 under this section in tax year 2021, 2022, or 2023 to remain exempt
22 under this section for up to 3 additional years after its initial
23 year of exempt status without subsequent reapplication for the
24 exemption, provided there has not been a change in ownership or
25 occupancy status of the person eligible for exemption under
26 subsection (2), if the person who establishes initial eligibility
27 under subsection (2) receives a fixed income solely from public
28 assistance that is not subject to significant annual increases
29 beyond the rate of inflation, such as federal Supplemental Security



1 Income or Social Security disability or retirement benefits. Both
2 of the following apply to a person who obtains an extended
3 exemption under this subsection:

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

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

11 (ii) The person experiences a change in household assets or
12 income that defeats eligibility for the exemption under subsection
13 (2).

14 (b) If the person fails to file a rescission as required under
15 subdivision (a) and the property is later determined to be
16 ineligible for the exemption under this section, the person is
17 subject to repayment of any additional taxes with interest as
18 described in this subdivision. Upon discovery that the property is
19 no longer eligible for the exemption under this section, the
20 assessor shall remove the exemption of that property and, if the
21 tax roll is in the local tax collecting unit's possession, amend
22 the tax roll to reflect the removal of the exemption, and the local
23 treasurer shall, within 30 days of the date of the discovery, issue
24 a corrected tax bill for any additional taxes with interest at the
25 rate of 1% per month or fraction of a month computed from the date
26 the taxes were last payable without interest. If the tax roll is in
27 the county treasurer's possession, the tax roll must be amended to
28 reflect the removal of the exemption and the county treasurer
29 shall, within 30 days of the date of the removal, prepare and



1 submit a supplemental tax bill for any additional taxes, together
2 with interest at the rate of 1% per month or fraction of a month
3 computed from the date the taxes were last payable without
4 interest. Interest on any tax set forth in a corrected or
5 supplemental tax bill again begins to accrue 60 days after the date
6 the corrected or supplemental tax bill is issued at the rate of 1%
7 per month or fraction of a month. Taxes levied in a corrected or
8 supplemental tax bill must be returned as delinquent on the March 1
9 in the year immediately succeeding the year in which the corrected
10 or supplemental tax bill is issued.

11 (7) ~~(6)~~—A person who files a claim under this section is not
12 prohibited from also appealing the assessment on the property for
13 which that claim is made before the board of review in the same
14 year.

15 (8) Notwithstanding any provision of this section to the
16 contrary, if the assessor determines that a principal residence of
17 a person by reason of poverty is still eligible for this exemption
18 and the property was exempt from the collection of taxes under this
19 section in tax year 2019 or 2020, or both, the property shall
20 remain exempt from the collection of taxes under this section
21 through tax year 2021 if, on or before February 15, 2021, the
22 governing body of the local assessing unit in which the principal
23 residence is located adopts a resolution that continues the
24 exemption through tax year 2021 for all principal residences within
25 the local assessing unit that were exempt from the collection of
26 taxes under this section in tax year 2019 or 2020, or both. The
27 local assessing unit may require the owner of a principal residence
28 exempt from the collection of taxes under this subsection to affirm
29 ownership, poverty, and occupancy status in writing by filing with



1 the local assessing unit the form prescribed by the state tax
2 commission under subsection (2) (a).

3 (9) A local assessing unit that adopts a resolution under
4 subsection (6) or (8) must develop and implement an audit program
5 that includes, but is not limited to, the audit of all information
6 filed under subsection (2). If property is determined to be
7 ineligible for exemption as a result of an audit, the person who
8 filed for the exemption under subsection (2) is subject to
9 repayment of additional taxes including interest to be paid as
10 provided in subsection (6) (b). The state tax commission shall issue
11 a bulletin providing further guidance to local assessing units on
12 the development and implementation of an audit program under this
13 subsection.

14 (10) ~~(7)~~—As used in this section, "principal residence" means
15 principal residence or qualified agricultural property as those
16 terms are defined in section 7dd.

