

SENATE BILL NO. 1234

November 18, 2020, Introduced by Senator RUNESTAD and referred to the Committee on Finance.

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.

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

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

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

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

29 (d) Produce a deed, land contract, or other evidence of

1 ownership of the property for which an exemption is requested if
2 required by the supervisor or board of review.

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

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

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

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

29 (6) **Notwithstanding any provision of this section to the**

1 contrary, subject to subsection (7), a local tax collecting unit
2 may permit a principal residence exempt from the collection of
3 taxes under this section to remain exempt under this section for up
4 to 3 years without subsequent reapplication for the exemption, if
5 the person who establishes initial eligibility under subsection (2)
6 meets either of the following:

7 (a) Receives a fixed income solely from public assistance that
8 is not subject to significant annual increases beyond the rate of
9 inflation, such as federal Supplemental Security Income or Social
10 Security disability or retirement benefits.

11 (b) Has 1 of the following:

12 (i) A permanent physical or mental disability, as determined
13 under federal or state guidelines, that substantially impedes his
14 or her activities of daily living.

15 (ii) A disability, as that term is defined in section 216 of
16 title II of the social security act, 42 USC 416, that substantially
17 impedes his or her activities of daily living.

18 (7) Both of the following apply to a person who obtains the
19 extended exemption described in subsection (6):

20 (a) The person shall file with the local tax collecting unit,
21 in a form and manner prescribed by the state tax commission, an
22 affidavit rescinding the exemption as extended under subsection (6)
23 within 30 days after either of the following, if applicable:

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

26 (ii) The person experiences a change in household assets or
27 income that defeats eligibility for the exemption under subsection
28 (2).

29 (b) If the person fails to file a rescission as required under

1 subdivision (a) and the property is later determined to be
2 ineligible for the exemption under this section, the person is
3 subject to repayment of any additional taxes with interest as
4 described in this subdivision. Upon discovery that the property is
5 no longer eligible for the exemption under this section, the
6 assessor shall remove the exemption of that property and, if the
7 tax roll is in the local tax collecting unit's possession, amend
8 the tax roll to reflect the removal of the exemption, and the local
9 treasurer shall, within 30 days of the date of the discovery, issue
10 a corrected tax bill for any additional taxes with interest at the
11 rate of 1% per month or fraction of a month computed from the date
12 the taxes were last payable without interest. If the tax roll is in
13 the county treasurer's possession, the tax roll must be amended to
14 reflect the removal of the exemption and the county treasurer
15 shall, within 30 days of the date of the removal, prepare and
16 submit a supplemental tax bill for any additional taxes, together
17 with interest at the rate of 1% per month or fraction of a month
18 computed from the date the taxes were last payable without
19 interest. Interest on any tax set forth in a corrected or
20 supplemental tax bill again begins to accrue 60 days after the date
21 the corrected or supplemental tax bill is issued at the rate of 1%
22 per month or fraction of a month. Taxes levied in a corrected or
23 supplemental tax bill must be returned as delinquent on the March 1
24 in the year immediately succeeding the year in which the corrected
25 or supplemental tax bill is issued.

26 (8) ~~(6)~~—A person who files a claim under this section is not
27 prohibited from also appealing the assessment on the property for
28 which that claim is made before the board of review in the same
29 year.

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

17 (10) ~~(7)~~—As used in this section, "principal residence" means
18 principal residence or qualified agricultural property as those
19 terms are defined in section 7dd.