

HOUSE BILL NO. 6059

November 12, 2024, Introduced by Reps. Tyrone Carter, Morse, Dievendorf, Young, Brenda Carter, Edwards, McKinney and Scott and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7u (MCL 211.7u), as amended by 2023 PA 191.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

7 (2) To be eligible for exemption under this section, a person

1 ~~shall, must~~, subject to subsections (6), (8), and (10), do all of
2 the following on an annual basis:

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

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

26 (c) Produce a valid driver license or other form of
27 identification if requested by the supervisor or board of review.

28 (d) Produce a deed, land contract, or other evidence of
29 ownership of the property for which an exemption is requested if

1 required by the supervisor or board of review.

2 (e) Meet the federal poverty guidelines published in the prior
3 calendar year in the Federal Register by the United States
4 Department of Health and Human Services under its authority to
5 revise the poverty line under 42 USC 9902, or alternative
6 guidelines adopted by the governing body of the local assessing
7 unit provided the alternative guidelines do not provide income
8 eligibility requirements less than the federal guidelines.

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

12 (4) The governing body of the local assessing unit shall
13 determine and make available to the public the policy and
14 guidelines used for the granting of exemptions under this section.
15 If the local assessing unit maintains a website, the local
16 assessing unit shall make the policy and guidelines, and the form
17 described in subsection (2)(b), available to the public on the
18 website. The guidelines must include, but are not limited to, the
19 specific income and asset levels of the claimant and total
20 household income and assets.

21 (5) The board of review shall follow the policy and guidelines
22 of the local assessing unit in granting or denying an exemption
23 under this section. If a person claiming an exemption under this
24 section is qualified under the eligibility requirements in
25 subsection (2), the board of review shall grant the exemption in
26 whole or in part, as follows:

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

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

1 (i) A 75%, 50%, or 25% reduction in taxable value for the tax
2 year in which the exemption is granted.

3 (ii) As approved by the state tax commission, any other
4 percentage reduction in taxable value for the tax year in which the
5 exemption is granted, applied in a form and manner prescribed by
6 the state tax commission.

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

28 (a) The person shall file with the local assessing unit, in a
29 form and manner prescribed by the state tax commission, an

1 affidavit rescinding the exemption as extended under this
2 subsection within 45 days after either of the following, if
3 applicable:

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

6 (ii) The person experiences a change in household assets or
7 income that defeats eligibility for the exemption under subsection
8 (2).

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

1 the corrected or supplemental tax bill is issued at the rate of 1%
2 per month or fraction of a month. Taxes levied in a corrected or
3 supplemental tax bill must be returned as delinquent on the March 1
4 in the year immediately succeeding the year in which the corrected
5 or supplemental tax bill is issued.

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

10 (8) Notwithstanding any provision of this section to the
11 contrary, if the assessor determines that a principal residence of
12 a person by reason of poverty is still eligible for the exemption
13 under this section and the property was exempt from the collection
14 of taxes under this section in tax year 2022, the property will
15 remain exempt from the collection of taxes under this section
16 through tax year 2023 if, on or before December 1, 2023, the
17 governing body of the local assessing unit in which the principal
18 residence is located adopts a resolution that continues the
19 exemption through tax year 2023 for all principal residences within
20 the local assessing unit that were exempt from the collection of
21 taxes under this section in tax year 2022. The local assessing unit
22 may require the owner of a principal residence exempt from the
23 collection of taxes under this subsection to affirm ownership,
24 poverty, and occupancy status in writing by filing with the local
25 assessing unit the form prescribed by the state tax commission
26 under subsection (2)(a).

27 (9) A local assessing unit that adopts a resolution under
28 subsection (6) or (8) must develop and implement an audit program
29 that includes, but is not limited to, the audit of all information

1 filed under subsection (2). If property is determined to be
2 ineligible for exemption as a result of an audit, the person who
3 filed for the exemption under subsection (2) is subject to
4 repayment of additional taxes including interest to be paid as
5 provided in subsection (6) (b). The state tax commission shall issue
6 a bulletin providing further guidance to local assessing units on
7 the development and implementation of an audit program under this
8 subsection.

9 (10) Notwithstanding any provision of this section to the
10 contrary, if an exemption was not on the assessment roll and was
11 not denied, the July or December board of review shall grant an
12 exemption under this section, in whole or in part as described in
13 subsection (5), for the immediately preceding tax year on the
14 principal residence of a person who establishes eligibility in that
15 tax year under the criteria described in subsection (2). A claim of
16 exemption under this subsection must be filed with the board of
17 review on a form prescribed by the state tax commission and
18 provided by the local assessing unit, accompanied by supporting
19 documentation establishing eligibility for the exemption for the
20 immediately preceding tax year and any additional supporting
21 documentation as may be required by the state tax commission. The
22 local assessing unit shall notify the department of treasury, in a
23 form and manner prescribed by the department of treasury, of each
24 exemption granted under this subsection by the board of review for
25 the immediately preceding tax year.

26 (11) As used in this section, "principal residence" means
27 principal residence or qualified agricultural property as those
28 terms are defined in section 7dd.