

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 55

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7u and 53b (MCL 211.7u and 211.53b), section
7u as amended by 2020 PA 253 and section 53b as amended by 2022 PA
141.

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, subject to subsections (6), ~~and (8)~~, **and (10)**, do all of the
2 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 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 tax years 2021, 2022, and 2023 without subsequent
12 reapplication for the exemption, provided there has not been a
13 change in ownership or occupancy status of the person eligible for
14 exemption under subsection (2), and may permit a principal
15 residence exempt for the first time from the collection of taxes
16 under this section in tax year 2021, 2022, or 2023 to remain exempt
17 under this section for up to 3 additional years after its initial
18 year of exempt status without subsequent reapplication for the
19 exemption, provided there has not been a change in ownership or
20 occupancy status of the person eligible for exemption under
21 subsection (2), if the person who establishes initial eligibility
22 under subsection (2) receives a fixed income solely from public
23 assistance that is not subject to significant annual increases
24 beyond the rate of inflation, such as federal Supplemental Security
25 Income or Social Security disability or retirement benefits. Both
26 of the following apply to a person who obtains an extended
27 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 ~~this—the~~
 13 exemption **under this section** and the property was exempt from the
 14 collection of taxes under this section in tax year ~~2019 or 2020, or~~
 15 ~~both, 2022~~, the property ~~shall—will~~ remain exempt from the
 16 collection of taxes under this section through tax year ~~2021—2023~~
 17 if, on or before ~~February 15, 2021, December 1, 2023~~, the governing
 18 body of the local assessing unit in which the principal residence
 19 is located adopts a resolution that continues the exemption through
 20 tax year ~~2021—2023~~ for all principal residences within the local
 21 assessing unit that were exempt from the collection of taxes under
 22 this section in tax year ~~2019 or 2020, or both. 2022~~. The local
 23 assessing unit may require the owner of a principal residence
 24 exempt from the collection of taxes under this subsection to affirm
 25 ownership, poverty, and occupancy status in writing by filing with
 26 the local assessing unit the form prescribed by the state tax
 27 commission under subsection (2) (a).

28 (9) A local assessing unit that adopts a resolution under
 29 subsection (6) or (8) must develop and implement an audit program

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

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

27 **(11) ~~(10)~~—As used in this section, "principal residence" means**
28 **principal residence or qualified agricultural property as those**
29 **terms are defined in section 7dd.**

1 Sec. 53b. (1) If there has been a qualified error, the
2 qualified error must be verified by the local assessing officer and
3 approved by the board of review. Except as otherwise provided in
4 subsection (5), the board of review shall meet for the purposes of
5 this section on Tuesday following the second Monday in December and
6 on Tuesday following the third Monday in July. If approved, the
7 board of review shall file an affidavit within 30 days relative to
8 the qualified error with the proper officials and all affected
9 official records must be corrected. If the qualified error results
10 in an overpayment or underpayment, the rebate, including any
11 interest paid, must be made to the taxpayer or the taxpayer must be
12 notified and payment made within 30 days of the notice. A rebate
13 must be without interest. The treasurer in possession of the
14 appropriate tax roll may deduct the rebate from the appropriate tax
15 collecting unit's subsequent distribution of taxes. The treasurer
16 in possession of the appropriate tax roll shall bill to the
17 appropriate tax collecting unit the tax collecting unit's share of
18 taxes rebated. Except as otherwise provided in section 27a(4), a
19 correction under this subsection may be made for the current year
20 and the immediately preceding year only.

21 (2) Action ~~pursuant to~~**under** subsection (1) may be initiated
22 by the taxpayer or the assessing officer.

23 (3) The board of review meeting in July and December ~~shall~~
24 ~~meet~~**must be held** only for the purpose described in subsection (1)
25 and to hear appeals provided for in sections 7u, 7ee, and 7jj. If
26 an exemption under section 7u is approved, the board of review
27 shall file an affidavit with the proper officials involved in the
28 assessment and collection of taxes and all affected official
29 records must be corrected. If an appeal under section 7ee or 7jj

1 results in a determination that an overpayment has been made, the
2 board of review shall file an affidavit and a rebate must be made
3 at the times and in the manner provided in subsection (1). Except
4 as otherwise provided in sections 7ee and 7jj, a correction under
5 this subsection must be made for the year in which the appeal is
6 made only. If the board of review approves an exemption or provides
7 a rebate for property under section 7ee or 7jj as provided in this
8 subsection, the board of review shall require the owner to execute
9 the affidavit provided for in section 7ee or 7jj.

10 (4) An owner or assessor may appeal a decision of the board of
11 review under this section regarding an exemption under section 7ee
12 or 7jj to the residential and small claims division of the Michigan
13 tax tribunal. An owner is not required to pay the amount of tax in
14 dispute in order to receive a final determination of the
15 residential and small claims division of the Michigan tax tribunal.
16 However, interest and penalties, if any, will accrue and be
17 computed based on interest and penalties that would have accrued
18 from the date the taxes were originally levied as if there had not
19 been an exemption.

20 (5) The governing body of the city or township may authorize,
21 by adoption of an ordinance or resolution, 1 or more of the
22 following alternative meeting dates for the purposes of this
23 section:

24 (a) An alternative meeting date during the week of the second
25 Monday in December.

26 (b) An alternative meeting date during the week of the third
27 Monday in July.

28 (6) As used in this section, "qualified error" means 1 or more
29 of the following:

1 (a) A clerical error relative to the correct assessment
 2 figures, the rate of taxation, or the mathematical computation
 3 relating to the assessing of taxes.

4 (b) A mutual mistake of fact.

5 (c) An adjustment under section 27a(4) or an exemption under
 6 section 7hh(3)(b).

7 (d) An error of measurement or calculation of the physical
 8 dimensions or components of the real property being assessed.

9 (e) An error of omission or inclusion of a part of the real
 10 property being assessed.

11 (f) An error regarding the correct taxable status of the real
 12 property being assessed.

13 (g) An error made by the taxpayer in preparing the statement
 14 of assessable personal property under section 19.

15 (h) An error made in the denial of a claim of exemption for
 16 personal property under section 9o.

17 (i) ~~An issue beyond the control of a disabled veteran or his~~
 18 ~~or her unremarried surviving spouse that causes a denial of~~ **Any of**
 19 **the following errors regarding** an exemption under section 7b: ~~—An~~
 20 ~~issue beyond the control of a disabled veteran or his or her~~
 21 ~~unremarried surviving spouse means an~~

22 **(i) An** error made by the local tax collecting unit in the
 23 processing of a timely filed exemption affidavit. ~~or a~~

24 **(ii) A** delay in the determination by the United States
 25 Department of Veterans Affairs that a veteran is permanently and
 26 totally disabled as a result of military service and entitled to
 27 veterans' benefits at the 100% rate.

28 **(iii) For tax year 2023 only, a denial by the board of review of**
 29 **an exemption claimed under section 7b(1)(b).**

1 (j) An exemption under section 7u(10), for the immediately
2 preceding tax year only, if the exemption was not on the assessment
3 roll and was not denied for that tax year. A claim for exemption
4 must be filed with the board of review on a form prescribed by the
5 state tax commission and provided by the local assessing unit,
6 accompanied by supporting documentation establishing eligibility
7 for the exemption for that immediately preceding tax year under the
8 criteria in section 7u(2) and any other supporting documentation as
9 may be required by the state tax commission.