

HOUSE BILL NO. 4330

March 23, 2023, Introduced by Reps. Whitsett, Arbit, McKinney, Price, Edwards, DeSana, Wilson, Tsernoglou, Brenda Carter, O'Neal, Hope, Roth, Steckloff, Haadsma and Liberati and referred to the Committee on Tax Policy.

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, and by adding section 7yy.

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

1 eligible for exemption in whole or in part from the collection of
2 taxes under this act. This section does not apply to the property
3 of a corporation.

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

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

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

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

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

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

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

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

25 (5) The board of review shall follow the policy and guidelines
26 of the local assessing unit in granting or denying an exemption
27 under this section. If a person claiming an exemption under this
28 section is qualified under the eligibility requirements in
29 subsection (2), the board of review shall grant the exemption in

1 whole or in part, as follows:

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

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

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

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

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

1 retirement benefits. Both of the following apply to a person who
2 obtains an extended exemption under this subsection:

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

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

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

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

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

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

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

1 prescribed by the state tax commission under subsection (2) (a).

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

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

16 **Sec. 7yy. (1) A local assessing unit may permit by resolution**
17 **the principal residence of individuals who are at least 65 years**
18 **old to be exempt in whole or in part from the collection of taxes**
19 **under this act, subject to subsection (2).**

20 (2) To be eligible for an exemption established under
21 subsection (1), an individual must do all of the following:

22 (a) Own and occupy as a principal residence the property for
23 which the exemption is claimed.

24 (b) Be at least 65 years old.

25 (c) Meet requirements, if any, that may be established by
26 resolution of the local assessing unit concerning the individual's
27 eligibility for a full or partial exemption based on maximum income
28 and asset levels of qualified claimants and provide documentation
29 of that income- and asset-level eligibility as may be required by

1 the local assessing unit.

2 (d) File a claim affirming the individual's eligibility under
3 subdivisions (a), (b), and (c) with the local assessing unit on a
4 form prescribed by the state tax commission and provided by the
5 local assessing unit.

6 (e) Produce a valid driver license or other form of
7 identification if required by the local assessing unit or board of
8 review.

9 (f) Produce a deed, land contract, or other evidence of
10 ownership of the property for which an exemption is claimed if
11 required by the local assessing unit or board of review.

12 (3) Except as otherwise provided in subsection (5), an
13 individual claiming an exemption under this section must file a
14 claim under subsection (2) on or after January 1 and before the day
15 prior to the last day of the board of review for each year the
16 exemption is claimed.

17 (4) The filing of a claim under subsection (2) constitutes an
18 appearance before the board of review for the purpose of preserving
19 the claimant's right to appeal the decision of the board of review
20 regarding the claim.

21 (5) A local assessing unit may permit by resolution a
22 principal residence exempt from the collection of taxes under this
23 section to remain exempt under this section in subsequent tax years
24 without subsequent reapplication for the exemption, provided there
25 has not been a change in ownership or occupancy status of the
26 individual eligible for exemption under this section. Both of the
27 following apply to an individual who obtains an extended exemption
28 under this subsection:

29 (a) The individual shall file with the local assessing unit,

1 in a form and manner prescribed by the state tax commission, an
2 affidavit rescinding the exemption as extended under this
3 subsection within 45 days after the person ceases to own or occupy
4 the principal residence for which the exemption was extended.

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

1 corrected or supplemental tax bill is issued.

2 (6) A local assessing unit may require the owner of property
3 exempt from the collection of taxes under subsection (5) to file
4 with the local assessing unit a statement affirming the owner's
5 ownership and occupancy status as to that property in a form and
6 manner prescribed by the state tax commission.

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

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

22 (9) As used in this section, "principal residence" means
23 principal residence or qualified agricultural property as those
24 terms are defined in section 7dd.

25 Sec. 53b. (1) If there has been a qualified error, the
26 qualified error must be verified by the local assessing officer and
27 approved by the board of review. Except as otherwise provided in
28 subsection (5), the board of review shall meet for the purposes of
29 this section on Tuesday following the second Monday in December and

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

16 (2) Action pursuant to subsection (1) may be initiated by the
 17 taxpayer or the assessing officer.

18 (3) The board of review meeting in July and December ~~shall~~
 19 ~~meet~~ **must be held** only for the purpose described in subsection (1)
 20 and to hear appeals provided for in sections 7u, 7ee, ~~and 7jj~~, **and**
 21 **7yy**. If an exemption under section 7u **or 7yy** is approved, the board
 22 of review shall file an affidavit with the proper officials
 23 involved in the assessment and collection of taxes and all affected
 24 official records must be corrected. If an appeal under section 7ee
 25 or 7jj results in a determination that an overpayment has been
 26 made, the board of review shall file an affidavit and a rebate must
 27 be made at the times and in the manner provided in subsection (1).
 28 Except as otherwise provided in sections 7ee and 7jj, a correction
 29 under this subsection must be made for the year in which the appeal

1 is made only. If the board of review approves an exemption or
2 provides a rebate for property under section 7ee or 7jj as provided
3 in this subsection, the board of review shall require the owner to
4 execute the affidavit provided for in section 7ee or 7jj.

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

15 (5) The governing body of the city or township may authorize,
16 by adoption of an ordinance or resolution, 1 or more of the
17 following alternative meeting dates for the purposes of this
18 section:

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

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

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

25 (a) A clerical error relative to the correct assessment
26 figures, the rate of taxation, or the mathematical computation
27 relating to the assessing of taxes.

28 (b) A mutual mistake of fact.

29 (c) An adjustment under section 27a(4) or an exemption under

1 section 7hh(3) (b) .

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

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

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

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

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

12 (i) An issue beyond the control of a disabled veteran or ~~his~~
13 ~~or her~~ **the disabled veteran's** unremarried surviving spouse that
14 causes a denial of an exemption under section 7b. An issue beyond
15 the control of a disabled veteran or ~~his or her~~ **the disabled**
16 **veteran's** unremarried surviving spouse means an error made by the
17 local tax collecting unit in the processing of a timely filed
18 exemption affidavit or a delay in the determination by the United
19 States Department of Veterans Affairs that a veteran is permanently
20 and totally disabled as a result of military service and entitled
21 to veterans' benefits at the 100% rate.