

HOUSE BILL No. 4422

March 15, 2011, Introduced by Reps. Talabi, Santana, Hobbs, Dillon, Brunner, Segal, Smiley, Haugh, Ananich, Lipton, Darany, Kandrevas, McCann, Slavens, Switalski, Geiss, Barnett, Bauer, Liss, Howze, Meadows and Jackson 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 2003 PA 140.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7u. (1) The principal residence of ~~persons~~**A QUALIFIED**
2 **TAXPAYER** who, ~~in the judgment of the supervisor and board of~~
3 ~~review,~~ by reason of poverty, ~~are~~**IS** unable to contribute toward
4 the public charges is eligible for exemption ~~in whole or in part~~
5 from ~~taxation~~**THE COLLECTION OF TAXES** under this act **AS PROVIDED IN**
6 **THIS SECTION. FACTORS USED TO DETERMINE ELIGIBILITY FOR AN**
7 **EXEMPTION UNDER THIS SECTION SHALL INCLUDE, BUT ARE NOT LIMITED TO,**
8 **THE SPECIFIC INCOME AND ASSET LEVELS OF THE PERSON CLAIMING AN**
9 **EXEMPTION UNDER THIS SECTION AND TOTAL HOUSEHOLD INCOME AND ASSETS,**
10 **AS SET FORTH IN THIS SECTION.** This section does not apply to the

1 property of a corporation.

2 ~~—— (2) To be eligible for exemption under this section, a person~~
3 ~~shall do all of the following on an annual basis:~~

4 ~~—— (a) Be an owner of and occupy as a principal residence the~~
5 ~~property for which an exemption is requested.~~

6 ~~—— (b) File a claim with the supervisor or board of review on a~~
7 ~~form provided by the local assessing unit, accompanied by federal~~
8 ~~and state income tax returns for all persons residing in the~~
9 ~~principal residence, including any property tax credit returns,~~
10 ~~filed in the immediately preceding year or in the current year. The~~
11 ~~filing of a claim under this subsection constitutes an appearance~~
12 ~~before the board of review for the purpose of preserving the~~
13 ~~claimant's right to appeal the decision of the board of review~~
14 ~~regarding the claim.~~

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

17 ~~—— (d) Produce a deed, land contract, or other evidence of~~
18 ~~ownership of the property for which an exemption is requested if~~
19 ~~required by the supervisor or board of review.~~

20 ~~—— (e) Meet the federal poverty guidelines updated annually in~~
21 ~~the federal register by the United States department of health and~~
22 ~~human services under authority of section 673 of subtitle B of~~
23 ~~title VI of the omnibus budget reconciliation act of 1981, Public~~
24 ~~Law 97-35, 42 U.S.C. 9902, or alternative guidelines adopted by the~~
25 ~~governing body of the local assessing unit provided the alternative~~
26 ~~guidelines do not provide income eligibility requirements less than~~
27 ~~the federal guidelines.~~

1 (2) THE APPLICATION AND RENEWAL AFFIDAVIT FOR AN EXEMPTION
2 UNDER THIS SECTION SHALL BE IN A FORM PRESCRIBED BY THE DEPARTMENT
3 OF TREASURY. THE DEPARTMENT OF TREASURY SHALL DESIGN THE
4 APPLICATION AND RENEWAL AFFIDAVIT TO ENSURE UNIFORMITY, CLARITY,
5 SIMPLICITY, AND EASE OF USE BY APPLICANTS.

6 (3) The application for an exemption under this section shall
7 be filed after January 1 but before the day prior to the last day
8 of ~~the~~ ANY board of review HELD UNDER THIS ACT. IF A QUALIFIED
9 TAXPAYER IS GRANTED AN EXEMPTION UNDER THIS SECTION FOR A TAX YEAR,
10 THAT QUALIFIED TAXPAYER MAY SUBMIT A RENEWAL AFFIDAVIT TO CLAIM AN
11 EXEMPTION IN THE IMMEDIATELY SUCCEEDING TAX YEAR.

12 ~~(4) The governing body of the local assessing unit shall~~
13 ~~determine and make available to the public the policy and~~
14 ~~guidelines the local assessing unit uses for the granting of~~
15 ~~exemptions under this section. The guidelines shall include but not~~
16 ~~be limited to the specific income and asset levels of the claimant~~
17 ~~and total household income and assets. IF A QUALIFIED TAXPAYER IS~~
18 ELIGIBLE FOR AN EXEMPTION UNDER THIS SECTION, THE BOARD OF REVIEW
19 AND SUPERVISOR SHALL GRANT THE EXEMPTION FOR THE TAX YEAR IN WHICH
20 THE APPLICATION IS FILED AND MAY GRANT THE EXEMPTION FOR THE 2
21 IMMEDIATELY PRECEDING TAX YEARS IF THE QUALIFIED TAXPAYER WOULD
22 HAVE BEEN ELIGIBLE FOR AN EXEMPTION UNDER THIS SECTION IF THE
23 QUALIFIED TAXPAYER HAD CLAIMED AN EXEMPTION UNDER THIS SECTION. IF
24 A PERSON CLAIMING AN EXEMPTION UNDER THIS SECTION IS NOT ELIGIBLE
25 FOR AN EXEMPTION UNDER THIS SECTION, THE BOARD OF REVIEW MAY GRANT
26 THE EXEMPTION FOR THE 2 IMMEDIATELY PRECEDING TAX YEARS IF THE
27 PERSON CLAIMING THE EXEMPTION WOULD HAVE BEEN ELIGIBLE FOR AN

1 EXEMPTION UNDER THIS SECTION IF THE PERSON HAD CLAIMED AN EXEMPTION
2 UNDER THIS SECTION. IF THE BOARD OF REVIEW AND SUPERVISOR GRANT THE
3 EXEMPTION FOR THE 2 IMMEDIATELY PRECEDING TAX YEARS, ANY EXEMPTED
4 AND UNPAID TAXES, INTEREST, PENALTIES, AND FEES FOR THE 2
5 IMMEDIATELY PRECEDING TAX YEARS FOR WHICH THE EXEMPTION IS GRANTED
6 SHALL BE EXTINGUISHED. ANY TAXES PAID IN THE 2 IMMEDIATELY
7 PRECEDING TAX YEARS SHALL BE REFUNDED TO THE TAXPAYER BY THE LOCAL
8 TAX COLLECTING UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION
9 OF THE TAX ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS
10 POSSESSION OF THE TAX ROLL WITHIN 30 DAYS OF THE DATE THE EXEMPTION
11 IS GRANTED. THE REFUND SHALL BE WITHOUT INTEREST. THE BOARD OF
12 REVIEW SHALL REPORT THE EXEMPTION AND THE REFUND TO THE DEPARTMENT
13 OF TREASURY IN A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY.

14 ~~(5) The board of review shall follow the policy and guidelines~~
15 ~~of the local assessing unit in granting or denying an exemption~~
16 ~~under this section unless the board of review determines there are~~
17 ~~substantial and compelling reasons why there should be a deviation~~
18 ~~from the policy and guidelines and the substantial and compelling~~
19 ~~reasons are communicated in writing to the claimant. IF THE PERSON~~
20 ~~CLAIMING THE EXEMPTION UNDER THIS SECTION MEETS THE APPLICABLE~~
21 ~~HOUSEHOLD INCOME REQUIREMENT SET FORTH IN SUBSECTION (9) (B) (v) AND~~
22 ~~SATISFIES THE ASSET LEVEL ESTABLISHED UNDER SUBSECTION (9) (B) (vi) ,~~
23 ~~IF ANY, THE BOARD OF REVIEW AND SUPERVISOR SHALL EXEMPT A~~
24 ~~PERCENTAGE OF THE TAXABLE VALUE OF THAT PERSON'S PRINCIPAL~~
25 ~~RESIDENCE AS DETERMINED BY THE BOARD OF REVIEW AND SUPERVISOR.~~

26 ~~(6) A person who files a claim under this section is not~~
27 ~~prohibited from also appealing the assessment on the property for~~

~~which that claim is made before the board of review in the same~~
~~year.~~ THE GOVERNING BODY OF THE LOCAL TAX COLLECTING UNIT SHALL
MAKE AVAILABLE TO THE PUBLIC THE ELIGIBILITY REQUIREMENTS FOR THE
EXEMPTION UNDER THIS SECTION AND APPLICATION FORMS AND RENEWAL
AFFIDAVITS. IF A QUALIFIED TAXPAYER IS GRANTED AN EXEMPTION UNDER
THIS SECTION FOR A TAX YEAR, THE LOCAL TAX COLLECTING UNIT SHALL
MAIL A RENEWAL AFFIDAVIT TO THAT QUALIFIED TAXPAYER IN THE
IMMEDIATELY SUCCEEDING TAX YEAR. THE LOCAL TAX COLLECTING UNIT
SHALL PUBLISH NOTICE OF THE AVAILABILITY OF, AND THE ELIGIBILITY
REQUIREMENTS FOR, THE EXEMPTION UNDER THIS SECTION IN A NEWSPAPER
OF GENERAL CIRCULATION WITHIN THE LOCAL TAX COLLECTING UNIT.

~~(7) As used in this section, "principal residence" means~~
~~principal residence or qualified agricultural property as those~~
~~terms are defined in section 7dd.~~ THE BOARD OF REVIEW AND
SUPERVISOR MAY DENY AN EXEMPTION UNDER THIS SECTION FOR 1 OR MORE
OF THE FOLLOWING REASONS:

(A) THE BOARD OF REVIEW AND SUPERVISOR DETERMINE THAT THE
PERSON CLAIMING THE EXEMPTION IS NOT A QUALIFIED TAXPAYER.

(B) THE BOARD OF REVIEW AND SUPERVISOR DETERMINE THAT THE
CLAIM FOR EXEMPTION IS BASED ON FRAUD. IF THE BOARD OF REVIEW AND
SUPERVISOR DETERMINE THAT THE CLAIM FOR EXEMPTION IS BASED ON
FRAUD, THE PERSON CLAIMING THE EXEMPTION IS SUBJECT TO THE
PENALTIES SET FORTH IN SECTION 27 OF 1941 PA 122, MCL 205.27.

(C) THE BOARD OF REVIEW AND SUPERVISOR DETERMINE THAT THE
QUALIFIED TAXPAYER CLAIMING THE EXEMPTION UNDER THIS SECTION HAS NO
INTEREST IN THE PROPERTY FOR WHICH AN EXEMPTION IS CLAIMED AND THE
CLAIM FOR EXEMPTION IS AN ATTEMPT TO AVOID THE COLLECTION OF TAXES

1 UNDER THIS ACT.

2 (D) THE BOARD OF REVIEW AND SUPERVISOR DETERMINE THAT A PERSON
3 WHO DOES NOT OCCUPY THE PROPERTY HOLDS AN OWNERSHIP INTEREST IN THE
4 PROPERTY AND THAT PERSON DOES NOT SATISFY THE APPLICABLE HOUSEHOLD
5 INCOME REQUIREMENT SET FORTH IN SUBSECTION (9) (B) (v) OR DOES NOT
6 SATISFY THE ASSET LEVEL ESTABLISHED UNDER SUBSECTION (9) (B) (vi) , IF
7 ANY, UNLESS THE PERSON CLAIMING THE EXEMPTION CAN DEMONSTRATE TO
8 THE SATISFACTION OF THE BOARD OF REVIEW AND SUPERVISOR THAT HE OR
9 SHE DOES NOT RECEIVE ANY SUPPORT FROM THAT PERSON.

10 (E) THE BOARD OF REVIEW AND SUPERVISOR DETERMINE THAT THERE
11 ARE SUBSTANTIAL AND COMPELLING REASONS WHY THERE SHOULD BE A
12 DEVIATION FROM THE APPLICABLE HOUSEHOLD INCOME REQUIREMENT SET
13 FORTH IN SUBSECTION (9) (B) (v) OR THE ASSET LEVEL ESTABLISHED UNDER
14 SUBSECTION (9) (B) (vi) , IF ANY, AND THE SUBSTANTIAL AND COMPELLING
15 REASONS ARE COMMUNICATED IN WRITING TO THE PERSON CLAIMING AN
16 EXEMPTION UNDER THIS SECTION. THE SUBSTANTIAL AND COMPELLING
17 REASONS FOR THE DENIAL OF AN EXEMPTION UNDER THIS SUBDIVISION SHALL
18 BE SPECIFIC TO THE PERSON WHOSE APPLICATION FOR EXEMPTION IS DENIED
19 AND SHALL NOT BE SYSTEMATICALLY USED TO DENY OTHERWISE ELIGIBLE
20 APPLICANTS.

21 (F) THE STATE EQUALIZED VALUATION OF THE PRINCIPAL RESIDENCE
22 FOR WHICH AN EXEMPTION IS CLAIMED UNDER THIS SECTION IS
23 SUBSTANTIALLY GREATER THAN THE AVERAGE STATE EQUALIZED VALUATION OF
24 A PRINCIPAL RESIDENCE IN THE LOCAL TAX COLLECTING UNIT.

25 (8) FILING AN APPLICATION FOR EXEMPTION OR A RENEWAL AFFIDAVIT
26 UNDER THIS SUBSECTION IS AN APPEARANCE BEFORE THE BOARD OF REVIEW
27 AND PRESERVES THE APPLICANT'S RIGHT TO APPEAL THE DECISION OF THE

1 BOARD OF REVIEW REGARDING THE CLAIM FOR EXEMPTION. A QUALIFIED
2 TAXPAYER WHO FILES AN APPLICATION FOR EXEMPTION OR A RENEWAL
3 AFFIDAVIT UNDER THIS SECTION MAY ALSO APPEAL THE ASSESSMENT ON THE
4 PROPERTY FOR WHICH THE EXEMPTION IS CLAIMED BEFORE THE BOARD OF
5 REVIEW IN THE SAME TAX YEAR.

6 (9) AS USED IN THIS SECTION:

7 (A) "PRINCIPAL RESIDENCE" MEANS PRINCIPAL RESIDENCE OR
8 QUALIFIED AGRICULTURAL PROPERTY AS THOSE TERMS ARE DEFINED IN
9 SECTION 7DD.

10 (B) "QUALIFIED TAXPAYER" MEANS A PERSON WHO MEETS ALL OF THE
11 FOLLOWING REQUIREMENTS:

12 (i) OWNS AND OCCUPIES AS A PRINCIPAL RESIDENCE THE PROPERTY FOR
13 WHICH AN EXEMPTION IS CLAIMED.

14 (ii) FILES AN APPLICATION FOR EXEMPTION WITH THE SUPERVISOR OR
15 BOARD OF REVIEW, ACCOMPANIED BY FEDERAL AND STATE INCOME TAX
16 RETURNS FOR ALL PERSONS RESIDING IN THE PRINCIPAL RESIDENCE,
17 INCLUDING ANY PROPERTY TAX CREDIT RETURNS, FILED IN THE IMMEDIATELY
18 PRECEDING TAX YEAR OR IN THE CURRENT TAX YEAR.

19 (iii) PRODUCES A VALID DRIVER LICENSE, STATE PERSONAL
20 IDENTIFICATION CARD, OR OTHER FORM OF IDENTIFICATION, IF REQUESTED
21 BY THE SUPERVISOR OR BOARD OF REVIEW.

22 (iv) PRODUCES A DEED, LAND CONTRACT, OR OTHER EVIDENCE OF
23 OWNERSHIP OF THE PROPERTY FOR WHICH AN EXEMPTION IS REQUESTED, IF
24 REQUESTED BY THE SUPERVISOR OR BOARD OF REVIEW.

25 (v) HAS HOUSEHOLD INCOME THAT MEETS 1 OF THE FOLLOWING
26 REQUIREMENTS:

27 (A) IS EQUAL TO OR LESS THAN THE FEDERAL POVERTY GUIDELINES

1 PUBLISHED ANNUALLY IN THE FEDERAL REGISTER BY THE UNITED STATES
2 DEPARTMENT OF HEALTH AND HUMAN SERVICES UNDER ITS AUTHORITY TO
3 REVISE THE POVERTY LINE UNDER 42 USC 9902.

4 (B) IS EQUAL TO OR LESS THAN ALTERNATIVE INCOME GUIDELINES
5 ADOPTED BY THE GOVERNING BODY OF THE LOCAL TAX COLLECTING UNIT.
6 ALTERNATIVE INCOME GUIDELINES SHALL NOT PROVIDE AN INCOME
7 ELIGIBILITY REQUIREMENT THAT IS LESS THAN THE INCOME ELIGIBILITY
8 REQUIREMENT SET FORTH IN SUB-SUBPARAGRAPH (A).

9 (vi) A LOCAL TAX COLLECTING UNIT MAY ESTABLISH AN ASSET LEVEL
10 AS A CRITERION FOR EXEMPTION UNDER THIS SECTION. IF THE LOCAL TAX
11 COLLECTING UNIT HAS ESTABLISHED AN ASSET LEVEL AS A CRITERION FOR
12 EXEMPTION UNDER THIS SECTION, THE ASSET LEVEL OF THE PERSON
13 CLAIMING AN EXEMPTION UNDER THIS SECTION DOES NOT EXCEED THAT ASSET
14 LEVEL. A LOCAL TAX COLLECTING UNIT SHALL NOT CONSIDER ANY OF THE
15 FOLLOWING IN CALCULATING THE ASSET LEVEL OF A PERSON CLAIMING AN
16 EXEMPTION UNDER THIS SECTION:

17 (A) THE STATE EQUALIZED VALUATION OF THE PRINCIPAL RESIDENCE
18 OF THE PERSON CLAIMING AN EXEMPTION UNDER THIS SECTION.

19 (B) ANY INDIVIDUAL ITEM OF TANGIBLE PERSONAL PROPERTY WITH A
20 VALUE OF LESS THAN \$5,000.00, EXCLUDING CASH, STOCKS, BONDS, AND
21 SIMILAR ITEMS OF VALUE.

22 (C) CASH, STOCKS, BONDS, AND SIMILAR ITEMS OF VALUE WITH AN
23 AGGREGATE VALUE OF LESS THAN \$5,000.00.

24 (D) AN ACCOUNT ESTABLISHED UNDER THE INDIVIDUAL OR FAMILY
25 DEVELOPMENT ACCOUNT PROGRAM ACT, 2006 PA 513, MCL 206.701 TO
26 206.711.

27 (E) AN ACCOUNT ESTABLISHED UNDER THE MICHIGAN EDUCATION

1 SAVINGS PROGRAM ACT, 2000 PA 161, MCL 390.1471 TO 390.1486, OR ANY
2 OTHER QUALIFIED TUITION PROGRAM APPROVED UNDER SECTION 529 OF THE
3 INTERNAL REVENUE CODE.

4 (F) ONE AUTOMOBILE PER HOUSEHOLD.

5 (C) "HOUSEHOLD INCOME" MEANS THAT TERM AS DEFINED IN SECTION
6 508 OF THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.508.