

SUBSTITUTE FOR
SENATE BILL NO. 425

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7dd (MCL 211.7dd), as amended by 2013 PA 44.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7dd. As used in sections 7cc and 7ee:

2 (a) "Owner" means any of the following:

3 (i) A person who owns property or who is purchasing property
4 under a land contract.

5 (ii) A person who is a partial owner of property.

6 (iii) A person who owns property as a result of being a
7 beneficiary of a will or trust or as a result of intestate
8 succession.

9 (iv) A person who owns or is purchasing a dwelling on leased
10 land.

11 (v) A person holding a life lease in property previously sold

1 or transferred to another.

2 (vi) A grantor who has placed the property in a revocable trust
3 or a qualified personal residence trust.

4 (vii) The sole present beneficiary of a trust if the trust
5 purchased or acquired the property as a principal residence for the
6 sole present beneficiary of the trust, and the sole present
7 beneficiary of the trust is totally and permanently disabled. As
8 used in this subparagraph, "totally and permanently disabled" means
9 disability as defined in section 216 of title II of the social
10 security act, 42 USC 416, without regard as to whether the sole
11 present beneficiary of the trust has reached the age of retirement.

12 (viii) A cooperative housing corporation.

13 (ix) A facility registered under the living care disclosure
14 act, 1976 PA 440, MCL 554.801 to 554.844.

15 (x) A PRESENT BENEFICIARY OF A TRUST IF ALL OF THE FOLLOWING
16 CONDITIONS ARE SATISFIED:

17 (A) THE PROPERTY IS THE PRINCIPAL RESIDENCE OF THE PRESENT
18 BENEFICIARY.

19 (B) BEFORE CLAIMING AN EXEMPTION UNDER SECTION 7CC, THE
20 PRESENT BENEFICIARY OF THE TRUST FILES AN AFFIDAVIT WITH THE
21 ASSESSOR OF THE LOCAL TAX COLLECTING UNIT NOTIFYING THE ASSESSOR
22 THAT THE PRESENT BENEFICIARY IS CLAIMING AN EXEMPTION UNDER SECTION
23 7CC FOR PROPERTY OWNED BY THE TRUST. THE AFFIDAVIT SHALL BE IN A
24 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. THE AFFIDAVIT SHALL
25 INCLUDE THE PRESENT BENEFICIARY'S NAME, THE ADDRESS OF THE PROPERTY
26 FOR WHICH AN EXEMPTION UNDER SECTION 7CC IS CLAIMED, AND A
27 STATEMENT THAT THE PRESENT BENEFICIARY HAS MET ALL REQUIREMENTS FOR

1 **AN EXEMPTION UNDER SECTION 7CC.**

2 (b) "Person", for purposes of defining owner as used in
3 section 7cc, means an individual and for purposes of defining owner
4 as used in section 7ee means an individual, partnership,
5 corporation, limited liability company, association, or other legal
6 entity.

7 (c) "Principal residence" means the 1 place where an owner of
8 the property has his or her true, fixed, and permanent home to
9 which, whenever absent, he or she intends to return and that shall
10 continue as a principal residence until another principal residence
11 is established. Except as otherwise provided in this subdivision,
12 principal residence includes only that portion of a dwelling or
13 unit in a multiple-unit dwelling that is subject to ad valorem
14 taxes and that is owned and occupied by an owner of the dwelling or
15 unit. Principal residence also includes all of an owner's
16 unoccupied property classified as residential that is adjoining or
17 contiguous to the dwelling subject to ad valorem taxes and that is
18 owned and occupied by the owner. Beginning December 31, 2007,
19 principal residence also includes all of an owner's unoccupied
20 property classified as timber-cutover real property under section
21 34c that is adjoining or contiguous to the dwelling subject to ad
22 valorem taxes and that is owned and occupied by the owner.
23 Contiguity is not broken by boundary between local tax collecting
24 units, a road, a right-of-way, or property purchased or taken under
25 condemnation proceedings by a public utility for power transmission
26 lines if the 2 parcels separated by the purchased or condemned
27 property were a single parcel prior to the sale or condemnation.

1 Except as otherwise provided in this subdivision, principal
2 residence also includes any portion of a dwelling or unit of an
3 owner that is rented or leased to another person as a residence as
4 long as that portion of the dwelling or unit that is rented or
5 leased is less than 50% of the total square footage of living space
6 in that dwelling or unit. Principal residence also includes a life
7 care facility registered under the living care disclosure act, 1976
8 PA 440, MCL 554.801 to 554.844. Principal residence also includes
9 property owned by a cooperative housing corporation and occupied by
10 tenant stockholders. Property that qualified as a principal
11 residence shall continue to qualify as a principal residence for 3
12 years after all or any portion of the dwelling or unit included in
13 or constituting the principal residence is rented or leased to
14 another person as a residence if all of the following conditions
15 are satisfied:

16 (i) The owner of the dwelling or unit is absent while on active
17 duty in the armed forces of the United States.

18 (ii) The dwelling or unit would otherwise qualify as the
19 owner's principal residence.

20 (iii) Except as otherwise provided in this subparagraph, the
21 owner files an affidavit with the assessor of the local tax
22 collecting unit on or before May 1 attesting that it is his or her
23 intent to occupy the dwelling or unit as a principal residence upon
24 completion of active duty in the armed forces of the United States.
25 In 2008 only, the owner may file an affidavit under this
26 subparagraph on or before December 31. A copy of an affidavit filed
27 under this subparagraph shall be forwarded to the department of

1 treasury pursuant to a schedule prescribed by the department of
2 treasury.

3 (d) "Qualified agricultural property" means unoccupied
4 property and related buildings classified as agricultural, or other
5 unoccupied property and related buildings located on that property
6 devoted primarily to agricultural use as defined in section 36101
7 of the natural resources and environmental protection act, 1994 PA
8 451, MCL 324.36101. Related buildings include a residence occupied
9 by a person employed in or actively involved in the agricultural
10 use and who has not claimed a principal residence exemption on
11 other property. For taxes levied after December 31, 2008, property
12 shall not lose its status as qualified agricultural property as a
13 result of an owner or lessee of that property implementing a
14 wildlife risk mitigation action plan. Notwithstanding any other
15 provision of this act to the contrary, if after December 31, 2008
16 the classification of property was changed as a result of the
17 implementation of a wildlife risk mitigation action plan, the owner
18 of that property may appeal that change in classification to the
19 board of review under section 30 in the year in which the
20 amendatory act that added this sentence takes effect or in the 3
21 immediately succeeding years. Within 30 days of the effective date
22 of the amendatory act that added the immediately preceding
23 sentence, the department of treasury shall update its publication
24 entitled "Qualified Agricultural Property Exemption Guidelines" and
25 shall post that updated publication on the department of treasury
26 website. Property used for commercial storage, commercial
27 processing, commercial distribution, commercial marketing, or

1 commercial shipping operations or other commercial or industrial
2 purposes is not qualified agricultural property. A parcel of
3 property is devoted primarily to agricultural use only if more than
4 50% of the parcel's acreage is devoted to agricultural use or if
5 more than 50% of the parcel's acreage is devoted to a combination
6 of agricultural use and is exempt under section 7jj[1] as qualified
7 forest property. An owner shall not receive an exemption for that
8 portion of the total state equalized valuation of the property that
9 is used for a commercial or industrial purpose or that is a
10 residence that is not a related building. As used in this
11 subdivision:

12 (i) "Project" means certain risk mitigating measures, which may
13 include, but are not limited to, the following:

14 (A) Making it difficult for wildlife to access feed by storing
15 livestock feed securely, restricting wildlife access to feeding and
16 watering areas, and deterring or reducing wildlife presence around
17 livestock feed by storing feed in an enclosed barn, wrapping bales
18 or covering stacks with tarps, closing ends of bags, storing grains
19 in animal-proof containers or bins, maintaining fences, practicing
20 small mammal and rodent control, or feeding away from wildlife
21 cover.

22 (B) Minimizing wildlife access to livestock feed and water by
23 feeding livestock in an enclosed area, feeding in open areas near
24 buildings and human activity, removing extra or waste feed when
25 livestock are moved, using hay feeders to reduce waste, using
26 artificial water systems to help keep livestock from sharing water
27 sources with wildlife, fencing off stagnant ponds, wetlands, or

1 areas of wildlife habitats that pose a disease risk, and keeping
2 mineral feeders near buildings and human activity or using devices
3 that restrict wildlife usage.

4 (ii) "Wildlife risk mitigation action plan" means a written
5 plan consisting of 1 or more projects to help reduce the risks of a
6 communicable disease spreading between wildlife and livestock that
7 is approved by the department of agriculture under the animal
8 industry act, 1988 PA 466, MCL 287.701 to 287.746.