

**SUBSTITUTE FOR  
SENATE BILL NO. 881**

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 2020 PA  
206.

**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,~~  
15 ~~or both,-2021,~~ the property ~~shall-will~~ remain exempt from the  
16 collection of taxes under this section through tax year ~~2021-2022~~  
17 if, on or before ~~February 15, 2021,-~~ **December 1, 2022**, 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 ~~2021-2022~~ 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.-2021.~~ 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.**

23       **(11) ~~(10)~~—As used in this section, "principal residence" means**  
24 **principal residence or qualified agricultural property as those**  
25 **terms are defined in section 7dd.**

26       Sec. 53b. (1) If there has been a qualified error, the  
27 qualified error must be verified by the local assessing officer and  
28 approved by the board of review. Except as otherwise provided in  
29 subsection (7), the board of review shall meet for the purposes of

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

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

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

1 correction under this subsection must be made for the year in which  
2 the appeal is made only. If the board of review approves an  
3 exemption or provides a rebate for property under section 7cc, 7ee,  
4 or 7jj as provided in this subsection, the board of review shall  
5 require the owner to execute the affidavit provided for in section  
6 7cc, 7ee, or 7jj and shall forward a copy of any section 7cc  
7 affidavits to the department of treasury.

8 (4) If an exemption under section 7cc is approved by the board  
9 of review under this section, the provisions of section 7cc apply.  
10 If an exemption under section 7cc is not approved by the board of  
11 review under this section, the owner may appeal that decision in  
12 writing to the department of treasury within 35 days of the board  
13 of review's denial and the appeal must be conducted as provided in  
14 section 7cc(8).

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

25 (6) A correction under this section that approves a principal  
26 residence exemption under section 7cc may be made for the year in  
27 which the appeal was filed and the 3 immediately preceding tax  
28 years.

29 (7) The governing body of the city or township may authorize,

1 by adoption of an ordinance or resolution, 1 or more of the  
2 following alternative meeting dates for the purposes of this  
3 section:

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

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

8 (8) As used in this section, "qualified error" means 1 or more  
9 of the following:

10 (a) A clerical error relative to the correct assessment  
11 figures, the rate of taxation, or the mathematical computation  
12 relating to the assessing of taxes.

13 (b) A mutual mistake of fact.

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

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

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

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

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

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

26 (i) An issue beyond the control of a disabled veteran or his  
27 or her unremarried surviving spouse that causes a denial of an  
28 exemption under section 7b. An issue beyond the control of a  
29 disabled veteran or his or her unremarried surviving spouse means

1 an error made by the local tax collecting unit in the processing of  
2 a timely filed exemption affidavit or a delay in the determination  
3 by the United States Department of Veterans Affairs that a veteran  
4 is permanently and totally disabled as a result of military service  
5 and entitled to veterans' benefits at the 100% rate.

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

15 Enacting section 1. This amendatory act does not take effect  
16 unless all of the following bills of the 101st Legislature are  
17 enacted into law:

18 (a) Senate Bill No. 808.

19 (b) Senate Bill No. 809.