

HOUSE BILL NO. 6513

November 29, 2022, Introduced by Rep. Thanedar and referred to the Committee on Local Government and Municipal Finance.

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

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), do all of the following
2 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~~ **One of the following, as applicable:**

3 **(i) For a claim filed before January 1, 2023, meet** the federal
4 poverty guidelines published in the prior calendar year in the
5 Federal Register by the United States Department of Health and
6 Human Services under its authority to revise the poverty line under
7 42 USC 9902, or alternative guidelines adopted by the governing
8 body of the local assessing unit provided the alternative
9 guidelines do not provide income eligibility requirements less than
10 the federal guidelines.

11 **(ii) For a claim filed after December 31, 2022, have a**
12 **household income of not more than 150% of the federal poverty**
13 **guidelines published in the prior calendar year in the Federal**
14 **Register by the United States Department of Health and Human**
15 **Services under its authority to revise the poverty line under 42**
16 **USC 9902, or meet alternative guidelines adopted by the governing**
17 **body of the local assessing unit provided the alternative**
18 **guidelines do not provide income eligibility requirements less than**
19 **150% of the federal guidelines.**

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

23 (4) The governing body of the local assessing unit shall
24 determine and make available to the public the policy and
25 guidelines used for the granting of exemptions under this section.
26 If the local assessing unit maintains a website, the local
27 assessing unit shall make the policy and guidelines, and the form
28 described in subsection (2) (b), available to the public on the
29 website. The guidelines must include, but are not limited to, the

1 specific income and asset levels of the claimant and total
2 household income and assets.

3 (5) The board of review shall follow the policy and guidelines
4 of the local assessing unit in granting or denying an exemption
5 under this section. If a person claiming an exemption under this
6 section is qualified under the eligibility requirements in
7 subsection (2), the board of review shall grant the exemption in
8 whole or in part, as follows:

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

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

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

14 (ii) As approved by the state tax commission, any other
15 percentage reduction in taxable value for the tax year in which the
16 exemption is granted, applied in a form and manner prescribed by
17 the state tax commission.

18 (6) Notwithstanding any provision of this section to the
19 contrary, a local assessing unit may permit by resolution a
20 principal residence exempt from the collection of taxes under this
21 section in tax year 2019 or 2020, or both, to remain exempt under
22 this section in tax years 2021, 2022, and 2023 without subsequent
23 reapplication for the exemption, provided there has not been a
24 change in ownership or occupancy status of the person eligible for
25 exemption under subsection (2), and may permit a principal
26 residence exempt for the first time from the collection of taxes
27 under this section in tax year 2021, 2022, or 2023 to remain exempt
28 under this section for up to 3 additional years after its initial
29 year of exempt status without subsequent reapplication for the

1 exemption, provided there has not been a change in ownership or
2 occupancy status of the person eligible for exemption under
3 subsection (2), if the person who establishes initial eligibility
4 under subsection (2) receives a fixed income solely from public
5 assistance that is not subject to significant annual increases
6 beyond the rate of inflation, such as federal Supplemental Security
7 Income or Social Security disability or retirement benefits. Both
8 of the following apply to a person who obtains an extended
9 exemption under this subsection:

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

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

17 (ii) The person experiences a change in household assets or
18 income that defeats eligibility for the exemption under subsection
19 (2).

20 (b) If the person fails to file a rescission as required under
21 subdivision (a) and the property is later determined to be
22 ineligible for the exemption under this section, the person is
23 subject to repayment of any additional taxes with interest as
24 described in this subdivision. Upon discovery that the property is
25 no longer eligible for the exemption under this section, the
26 assessor shall remove the exemption of that property and, if the
27 tax roll is in the local tax collecting unit's possession, amend
28 the tax roll to reflect the removal of the exemption, and the local
29 treasurer shall, within 30 days of the date of the discovery, issue

1 a corrected tax bill for any additional taxes with interest at the
2 rate of 1% per month or fraction of a month computed from the date
3 the taxes were last payable without interest. If the tax roll is in
4 the county treasurer's possession, the tax roll must be amended to
5 reflect the removal of the exemption and the county treasurer
6 shall, within 30 days of the date of the removal, prepare and
7 submit a supplemental tax bill for any additional taxes, together
8 with interest at the rate of 1% per month or fraction of a month
9 computed from the date the taxes were last payable without
10 interest. Interest on any tax set forth in a corrected or
11 supplemental tax bill again begins to accrue 60 days after the date
12 the corrected or supplemental tax bill is issued at the rate of 1%
13 per month or fraction of a month. Taxes levied in a corrected or
14 supplemental tax bill must be returned as delinquent on the March 1
15 in the year immediately succeeding the year in which the corrected
16 or supplemental tax bill is issued.

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

21 (8) Notwithstanding any provision of this section to the
22 contrary, if the assessor determines that a principal residence of
23 a person by reason of poverty is still eligible for ~~this-the~~
24 exemption **under this section** and the property was exempt from the
25 collection of taxes under this section in tax year 2019 or 2020, or
26 both, the property ~~shall~~**will** remain exempt from the collection of
27 taxes under this section through tax year 2021 if, on or before
28 February 15, 2021, the governing body of the local assessing unit
29 in which the principal residence is located adopts a resolution

1 that continues the exemption through tax year 2021 for all
2 principal residences within the local assessing unit that were
3 exempt from the collection of taxes under this section in tax year
4 2019 or 2020, or both. The local assessing unit may require the
5 owner of a principal residence exempt from the collection of taxes
6 under this subsection to affirm ownership, poverty, and occupancy
7 status in writing by filing with the local assessing unit the form
8 prescribed by the state tax commission under subsection (2) (a).

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

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