

SENATE BILL NO. 55

February 07, 2023, Introduced by Senators CHANG, SHINK, WOJNO, BAYER, GEISS, MCMORROW and MOSS and referred to the Committee on Housing and Human Services.

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.

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

1 taxes under this act. This section does not apply to the property
2 of a corporation.

3 (2) To be eligible for exemption under this section, a person
4 shall, subject to subsections (6), ~~and (8)~~, **and (10)**, do all of the
5 following on an annual basis:

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

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

29 (c) Produce a valid driver license or other form of

1 identification if requested by the ~~supervisor or~~ board of review.

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

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

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

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

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

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

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

4 (i) A **75%**, 50%, or 25% reduction in taxable value for the tax
5 year in which the exemption is granted.

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

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

1 exemption under this subsection:

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

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

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

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

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

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

13 (8) Notwithstanding any provision of this section to the
 14 contrary, if the assessor determines that a principal residence of
 15 a person by reason of poverty is still eligible for ~~this~~**the**
 16 exemption **under this section** and the property was exempt from the
 17 collection of taxes under this section in tax year ~~2019 or 2020, or~~
 18 ~~both, 2022~~, the property ~~shall~~**will** remain exempt from the
 19 collection of taxes under this section through tax year ~~2021~~**2025**
 20 if, on or before ~~February 15, 2021,~~**December 1, 2023**, the governing
 21 body of the local assessing unit in which the principal residence
 22 is located adopts a resolution that continues the exemption through
 23 tax year ~~2021~~**2025** for all principal residences within the local
 24 assessing unit that were exempt from the collection of taxes under
 25 this section in tax year ~~2019 or 2020, or both.~~**2022**. The local
 26 assessing unit may require the owner of a principal residence
 27 exempt from the collection of taxes under this subsection to affirm
 28 ownership, poverty, and occupancy status in writing by filing with
 29 the local assessing unit the form prescribed by the state tax

1 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) **Notwithstanding any provision of this section to the**
14 **contrary, if an exemption was not on the assessment roll and was**
15 **not denied, the July or December board of review shall grant an**
16 **exemption under this section, in whole or in part as described in**
17 **subsection (5), for the immediately preceding tax year on the**
18 **principal residence of a person who establishes eligibility in that**
19 **tax year under the criteria described in subsection (2). A claim of**
20 **exemption under this subsection must be filed with the board of**
21 **review on a form prescribed by the state tax commission and**
22 **provided by the local assessing unit, accompanied by supporting**
23 **documentation establishing eligibility for the exemption for the**
24 **immediately preceding tax year and any additional supporting**
25 **documentation as may be required by the state tax commission.**

26 (11) ~~(10)~~—As used in this section, "principal residence" means
27 principal residence or qualified agricultural property as those
28 terms are defined in section 7dd.

29 Sec. 53b. (1) If there has been a qualified error, the

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

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

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

1 board of review shall file an affidavit and a rebate must be made
2 at the times and in the manner provided in subsection (1). Except
3 as otherwise provided in sections 7ee and 7jj, a correction under
4 this subsection must be made for the year in which the appeal is
5 made only. If the board of review approves an exemption or provides
6 a rebate for property under section 7ee or 7jj as provided in this
7 subsection, the board of review shall require the owner to execute
8 the affidavit provided for in section 7ee or 7jj.

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

19 (5) The governing body of the city or township may authorize,
20 by adoption of an ordinance or resolution, 1 or more of the
21 following alternative meeting dates for the purposes of this
22 section:

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

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

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

29 (a) A clerical error relative to the correct assessment

1 figures, the rate of taxation, or the mathematical computation
2 relating to the assessing of taxes.

3 (b) A mutual mistake of fact.

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

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

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

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

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

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

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

25 **(j) An exemption under section 7u(10), for the immediately**
26 **preceding tax year only, if the exemption was not on the assessment**
27 **roll and was not denied for that tax year. A claim for exemption**
28 **must be filed with the board of review on a form prescribed by the**
29 **state tax commission and provided by the local assessing unit,**

1 accompanied by supporting documentation establishing eligibility
2 for the exemption for that immediately preceding tax year under the
3 criteria in section 7u(2) and any other supporting documentation as
4 may be required by the state tax commission.