

HOUSE BILL NO. 4041

January 30, 2025, Introduced by Rep. T. Carter and referred to Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7u (MCL 211.7u), as amended by 2023 PA 191.

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

1 of a corporation.

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

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

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

28 (c) Produce a valid driver license or other form of
29 identification if requested by the supervisor or board of review.

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

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

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

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

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

29 (a) A full exemption equal to a 100% reduction in taxable

1 value for the tax year in which the exemption is granted.

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

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

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

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

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

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

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

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

1 interest. Interest on any tax set forth in a corrected or
2 supplemental tax bill again begins to accrue 60 days after the date
3 the corrected or supplemental tax bill is issued at the rate of 1%
4 per month or fraction of a month. Taxes levied in a corrected or
5 supplemental tax bill must be returned as delinquent on the March 1
6 in the year immediately succeeding the year in which the corrected
7 or supplemental tax bill is issued.

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

12 (8) Notwithstanding any provision of this section to the
13 contrary, if the assessor determines that a principal residence of
14 a person by reason of poverty is still eligible for the exemption
15 under this section and the property was exempt from the collection
16 of taxes under this section in tax year 2022, the property will
17 remain exempt from the collection of taxes under this section
18 through tax year 2023 if, on or before December 1, 2023, the
19 governing body of the local assessing unit in which the principal
20 residence is located adopts a resolution that continues the
21 exemption through tax year 2023 for all principal residences within
22 the local assessing unit that were exempt from the collection of
23 taxes under this section in tax year 2022. The local assessing unit
24 may require the owner of a principal residence exempt from the
25 collection of taxes under this subsection to affirm ownership,
26 poverty, and occupancy status in writing by filing with the local
27 assessing unit the form prescribed by the state tax commission
28 under subsection (2)(a).

29 (9) A local assessing unit that adopts a resolution under

1 subsection (6) or (8) must develop and implement an audit program
2 that includes, but is not limited to, the audit of all information
3 filed under subsection (2). If property is determined to be
4 ineligible for exemption as a result of an audit, the person who
5 filed for the exemption under subsection (2) is subject to
6 repayment of additional taxes including interest to be paid as
7 provided in subsection (6)(b). The state tax commission shall issue
8 a bulletin providing further guidance to local assessing units on
9 the development and implementation of an audit program under this
10 subsection.

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

28 (11) As used in this section, "principal residence" means
29 principal residence or qualified agricultural property as those

1 terms are defined in section 7dd.