

**SUBSTITUTE FOR
HOUSE BILL NO. 4041**

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
6 of a corporation.

7 (2) To be eligible for exemption under this section, a person
8 ~~shall, must,~~ subject to subsections (6) ~~, (8), and (10), and~~ (9),
9 do all of the following on an annual basis:



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

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

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

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

29 (e) Meet the federal poverty guidelines published in the prior



1 calendar year in the Federal Register by the United States
2 Department of Health and Human Services under its authority to
3 revise the poverty line under 42 USC 9902, or alternative
4 guidelines adopted by the governing body of the local assessing
5 unit provided the alternative guidelines do not provide income
6 eligibility requirements less than the federal guidelines.

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

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

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

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

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

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



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

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

(a) The extension continues for not more than 3 years. To claim a subsequent extension under this section, the person who obtained the expiring extension must reestablish eligibility for



1 the exemption, at a time and in a form and manner prescribed by the
 2 state tax commission, under the criteria described in subsection
 3 (2) (a) to (e) and the provisions of subsections (3) to (5).

4 (b) The person who obtained the extension shall annually file
 5 with the March, July, or December board of review a certification
 6 of continuing eligibility for the exemption at a time and in a form
 7 and manner prescribed by the state tax commission. This subdivision
 8 does not apply in a year in which the person reestablishes
 9 eligibility under subdivision (a).

10 (c) ~~(a)~~ The person who obtained the extension shall file with
 11 the local assessing unit, in a form and manner prescribed by the
 12 state tax commission, an affidavit rescinding the exemption as
 13 extended under this subsection within 45 days after either of the
 14 following, if 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 (d) ~~(b)~~ If the person who obtained the extension fails to file
 21 a rescission as required under subdivision ~~(a)~~ (c) (ii) and the
 22 property is later determined to be ineligible for the exemption
 23 ~~under this section, extension under subdivision (c) (ii)~~, the person
 24 is subject to repayment of any additional taxes with interest as
 25 described in this subdivision. Upon discovery that the property is
 26 no longer eligible for the ~~exemption under this section, extension~~
 27 **under subdivision (c) (ii)**, the assessor shall remove the exemption
 28 of that property and, if the tax roll is in the local tax
 29 collecting unit's possession, amend the tax roll to reflect the



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

19 **(e) If the person who obtained the extension fails to file a**
20 **rescission as required under subdivision (c) (i), and the property is**
21 **later determined to be ineligible for the extension under this**
22 **subsection, the assessor shall remove the exemption of that**
23 **property effective on the December 31 following the determination**
24 **of ineligibility.**

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

29 ~~(8) Notwithstanding any provision of this section to the~~



contrary, if the assessor determines that a principal residence of a person by reason of poverty is still eligible for the exemption under this section and the property was exempt from the collection of taxes under this section in tax year 2022, the property will remain exempt from the collection of taxes under this section through tax year 2023 if, on or before December 1, 2023, the governing body of the local assessing unit in which the principal residence is located adopts a resolution that continues the exemption through tax year 2023 for all principal residences within the local assessing unit that were exempt from the collection of taxes under this section in tax year 2022. The local assessing unit may require the owner of a principal residence exempt from the collection of taxes under this subsection to affirm ownership, poverty, and occupancy status in writing by filing with the local assessing unit the form prescribed by the state tax commission under subsection (2)(a).

(8) ~~(9)~~ A local assessing unit that adopts a resolution under subsection (6) ~~or (8)~~ must develop and implement an audit program that includes, but is not limited to, the audit of all information filed under subsection (2). If ~~property is determined to be the~~ **assessor determines that the property is** ineligible for exemption as a result of an audit, the person who filed for the exemption under subsection (2) is subject to repayment of additional taxes including interest to be paid as provided in subsection ~~(6)(b)~~.

(6)(d). The state tax commission shall issue a bulletin providing further guidance to local assessing units on the development and implementation of an audit program under this subsection.

(9) ~~(10)~~ Notwithstanding any provision of this section to the contrary, if an exemption was not on the assessment roll and was



1 not denied, the July or December board of review shall grant an
2 exemption under this section, in whole or in part as described in
3 subsection (5), for the immediately preceding tax year on the
4 principal residence of a person who establishes eligibility in that
5 tax year under the criteria described in subsection (2). A claim of
6 exemption under this subsection must be filed with the board of
7 review on a form prescribed by the state tax commission and
8 provided by the local assessing unit, accompanied by supporting
9 documentation establishing eligibility for the exemption for the
10 immediately preceding tax year and any additional supporting
11 documentation as may be required by the state tax commission. The
12 local assessing unit shall notify the department of treasury, in a
13 form and manner prescribed by the department of treasury, of each
14 exemption granted under this subsection by the board of review for
15 the immediately preceding tax year.

16 **(10)** ~~(11)~~—As used in this section, "principal residence" means
17 principal residence or qualified agricultural property as those
18 terms are defined in section 7dd.