

SUBSTITUTE FOR
SENATE BILL NO. 886

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7dd (MCL 211.7dd), as amended by 2006 PA 114.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7dd. As used in sections 7cc and 7ee:
2 (a) "Owner" means any of the following:
3 (i) A person who owns property or who is purchasing property
4 under a land contract.
5 (ii) A person who is a partial owner of property.
6 (iii) A person who owns property as a result of being a
7 beneficiary of a will or trust or as a result of intestate
8 succession.
9 (iv) A person who owns or is purchasing a dwelling on leased

1 land.

2 (v) A person holding a life lease in property previously sold
3 or transferred to another.

4 (vi) A grantor who has placed the property in a revocable trust
5 or a qualified personal residence trust.

6 (vii) The sole present beneficiary of a trust if the trust
7 purchased or acquired the property as a principal residence for the
8 sole present beneficiary of the trust, and the sole present
9 beneficiary of the trust is totally and permanently disabled. As
10 used in this subparagraph, "totally and permanently disabled" means
11 disability as defined in section 216 of title II of the social
12 security act, 42 USC 416, without regard as to whether the sole
13 present beneficiary of the trust has reached the age of retirement.

14 (viii) A cooperative housing corporation.

15 (ix) A facility registered under the living care disclosure
16 act, 1976 PA 440, MCL 554.801 to 554.844.

17 (b) "Person", for purposes of defining owner as used in
18 section 7cc, means an individual and for purposes of defining owner
19 as used in section 7ee means an individual, partnership,
20 corporation, limited liability company, association, or other legal
21 entity.

22 (c) "Principal residence" means the 1 place where an owner of
23 the property has his or her true, fixed, and permanent home to
24 which, whenever absent, he or she intends to return and that shall
25 continue as a principal residence until another principal residence
26 is established. ~~Principal~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS**
27 **SUBDIVISION, PRINCIPAL** residence includes only that portion of a

1 dwelling or unit in a multiple-unit dwelling that is subject to ad
2 valorem taxes and that is owned and occupied by an owner of the
3 dwelling or unit. Principal residence also includes all of an
4 owner's unoccupied property classified as residential that is
5 adjoining or contiguous to the dwelling subject to ad valorem taxes
6 and that is owned and occupied by the owner. Contiguity is not
7 broken by a road, a right-of-way, or property purchased or taken
8 under condemnation proceedings by a public utility for power
9 transmission lines if the 2 parcels separated by the purchased or
10 condemned property were a single parcel prior to the sale or
11 condemnation. ~~Principal~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS**
12 **SUBDIVISION, PRINCIPAL** residence also includes any portion of a
13 dwelling or unit of an owner that is rented or leased to another
14 person as a residence as long as that portion of the dwelling or
15 unit that is rented or leased is less than 50% of the total square
16 footage of living space in that dwelling or unit. Principal
17 residence also includes a life care facility registered under the
18 living care disclosure act, 1976 PA 440, MCL 554.801 to 554.844.
19 Principal residence also includes property owned by a cooperative
20 housing corporation and occupied by tenant stockholders. **PROPERTY**
21 **THAT QUALIFIED AS A PRINCIPAL RESIDENCE SHALL CONTINUE TO QUALIFY**
22 **AS A PRINCIPAL RESIDENCE FOR 3 YEARS AFTER ALL OR ANY PORTION OF**
23 **THE DWELLING OR UNIT INCLUDED IN OR CONSTITUTING THE PRINCIPAL**
24 **RESIDENCE IS RENTED OR LEASED TO ANOTHER PERSON AS A RESIDENCE IF**
25 **ALL OF THE FOLLOWING CONDITIONS ARE SATISFIED:**
26 (i) **THE OWNER OF THE DWELLING OR UNIT IS ABSENT WHILE ON ACTIVE**
27 **DUTY IN THE ARMED FORCES OF THE UNITED STATES.**

1 (ii) THE DWELLING OR UNIT WOULD OTHERWISE QUALIFY AS THE
2 OWNER'S PRINCIPAL RESIDENCE.

3 (iii) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBPARAGRAPH, THE
4 OWNER FILES AN AFFIDAVIT WITH THE ASSESSOR OF THE LOCAL TAX
5 COLLECTING UNIT ON OR BEFORE MAY 1 ATTESTING THAT IT IS HIS OR HER
6 INTENT TO OCCUPY THE DWELLING OR UNIT AS A PRINCIPAL RESIDENCE UPON
7 COMPLETION OF ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES.
8 IN 2008 ONLY, THE OWNER MAY FILE AN AFFIDAVIT UNDER THIS
9 SUBPARAGRAPH ON OR BEFORE DECEMBER 31. A COPY OF AN AFFIDAVIT FILED
10 UNDER THIS SUBPARAGRAPH SHALL BE FORWARDED TO THE DEPARTMENT OF
11 TREASURY PURSUANT TO A SCHEDULE PRESCRIBED BY THE DEPARTMENT OF
12 TREASURY.

13 (d) "Qualified agricultural property" means unoccupied
14 property and related buildings classified as agricultural, or other
15 unoccupied property and related buildings located on that property
16 devoted primarily to agricultural use as defined in section 36101
17 of the natural resources and environmental protection act, 1994 PA
18 451, MCL 324.36101. Related buildings include a residence occupied
19 by a person employed in or actively involved in the agricultural
20 use and who has not claimed a principal residence exemption on
21 other property. Property used for commercial storage, commercial
22 processing, commercial distribution, commercial marketing, or
23 commercial shipping operations or other commercial or industrial
24 purposes is not qualified agricultural property. A parcel of
25 property is devoted primarily to agricultural use only if more than
26 50% of the parcel's acreage is devoted to agricultural use. An
27 owner shall not receive an exemption for that portion of the total

1 state equalized valuation of the property that is used for a
2 commercial or industrial purpose or that is a residence that is not
3 a related building.