

SUBSTITUTE FOR
SENATE BILL NO. 133

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7u, 7cc, 7dd, 24c, 27d, and 120 (MCL 211.7u,
211.7cc, 211.7dd, 211.24c, 211.27d, and 211.120), sections 7u and
24c as amended by 2002 PA 620, section 7cc as amended by 2002 PA
624, section 7dd as amended and section 27d as added by 1996 PA
476, and section 120 as added by 1995 PA 74.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7u. (1) The ~~homestead~~ **principal residence** of persons
2 who, in the judgment of the supervisor and board of review, by
3 reason of poverty, are unable to contribute toward the public
4 charges is eligible for exemption in whole or in part from
5 taxation under this act. This section does not apply to the
6 property of a corporation.
- 7 (2) To be eligible for exemption under this section, a person

1 shall do all of the following on an annual basis:

2 (a) Be an owner of and occupy as a ~~homestead~~ **principal**
3 **residence** the property for which an exemption is requested.

4 (b) File a claim with the supervisor or board of review on a
5 form provided by the local assessing unit, accompanied by federal
6 and state income tax returns for all persons residing in the
7 ~~homestead~~ **principal residence**, including any property tax
8 credit returns, filed in the immediately preceding year or in the
9 current year. The filing of a claim under this subsection
10 constitutes an appearance before the board of review for the
11 purpose of preserving the claimant's right to appeal the decision
12 of the board of review regarding the claim.

13 (c) Produce a valid driver's license or other form of
14 identification if requested by the supervisor or board of
15 review.

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

19 (e) Meet the federal poverty guidelines updated annually in
20 the federal register by the United States department of health
21 and human services under authority of section 673 of subtitle B
22 of title VI of the omnibus budget reconciliation act of 1981,
23 Public Law 97-35, 42 U.S.C. 9902, or alternative guidelines
24 adopted by the governing body of the local assessing unit
25 provided the alternative guidelines do not provide income
26 eligibility requirements less than the federal guidelines.

27 (3) The application for an exemption under this section shall

1 be filed after January 1 but before the day prior to the last day
2 of the board of review.

3 (4) The governing body of the local assessing unit shall
4 determine and make available to the public the policy and
5 guidelines the local assessing unit uses for the granting of
6 exemptions under this section. The guidelines shall include but
7 not be limited to the specific income and asset levels of the
8 claimant and total household income and assets.

9 (5) The board of review shall follow the policy and
10 guidelines of the local assessing unit in granting or denying an
11 exemption under this section unless the board of review
12 determines there are substantial and compelling reasons why there
13 should be a deviation from the policy and guidelines and the
14 substantial and compelling reasons are communicated in writing to
15 the claimant.

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

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

23 Sec. 7cc. (1) A ~~homestead~~ **principal residence** is exempt
24 from the tax levied by a local school district for school
25 operating purposes to the extent provided under section 1211 of
26 the revised school code, 1976 PA 451, MCL 380.1211, if an owner
27 of that ~~homestead~~ **principal residence** claims an exemption as

1 provided in this section. Notwithstanding the tax day provided
2 in section 2, the status of property as a ~~homestead~~ **principal**
3 **residence** shall be determined on the date an affidavit claiming
4 an exemption is filed under subsection (2).

5 (2) An owner of property may claim an exemption under this
6 section by filing an affidavit on or before May 1 with the local
7 tax collecting unit in which the property is located. The
8 affidavit shall state that the property is owned and occupied as
9 a ~~homestead~~ **principal residence** by that owner of the property
10 on the date that the affidavit is signed. The affidavit shall be
11 on a form prescribed by the department of treasury. Beginning in
12 1995, 1 copy of the affidavit shall be retained by the owner, 1
13 copy shall be retained by the local tax collecting unit until any
14 appeal or audit period under this act has expired, and 1 copy
15 shall be forwarded to the department of treasury pursuant to
16 subsection (4), together with all information submitted under
17 subsection (18) for a cooperative housing corporation. Beginning
18 in 1995, the affidavit shall require the owner claiming the
19 exemption to indicate if that owner has claimed another exemption
20 on property in this state that is not rescinded. If the
21 affidavit requires an owner to include a social security number,
22 that owner's number is subject to the disclosure restrictions in
23 1941 PA 122, MCL 205.1 to 205.31. **If an owner of property filed**
24 **an affidavit for a homestead exemption under this section before**
25 **January 1, 2004, that affidavit shall be considered the affidavit**
26 **required under this subsection for a principal residence**
27 **exemption and that exemption shall remain in effect until**

1 **rescinded as provided in this section.**

2 (3) A husband and wife who are required to file or who do
3 file a joint Michigan income tax return are entitled to not more
4 than 1 ~~homestead~~ exemption **under this section.**

5 (4) Upon receipt of an affidavit filed under subsection (2)
6 and unless the claim is denied under subsection (6), the assessor
7 shall exempt the property from the collection of the tax levied
8 by a local school district for school operating purposes to the
9 extent provided under section 1211 of the revised school code,
10 1976 PA 451, MCL 380.1211, as provided in subsection (1) until
11 December 31 of the year in which the property is transferred or
12 is no longer a ~~homestead~~ **principal residence** as defined in
13 section 7dd. The local tax collecting unit shall forward copies
14 of affidavits to the department of treasury according to a
15 schedule prescribed by the department of treasury.

16 (5) Not more than 90 days after exempted property is no
17 longer used as a ~~homestead~~ **principal residence** by the owner
18 claiming an exemption, that owner shall rescind the claim of
19 exemption by filing with the local tax collecting unit a
20 rescission form prescribed by the department of treasury.
21 Beginning October 1, 1994, an owner who fails to file a
22 rescission as required by this subsection is subject to a penalty
23 of \$5.00 per day for each separate failure beginning after the 90
24 days have elapsed, up to a maximum of \$200.00. This penalty
25 shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and
26 shall be deposited in the state school aid fund established in
27 section 11 of article IX of the state constitution of 1963. This

1 penalty may be waived by the department of treasury.

2 (6) If the assessor of the local tax collecting unit believes
3 that the property for which an exemption is claimed is not the
4 ~~homestead~~ **principal residence** of the owner claiming the
5 exemption, effective for taxes levied after 1994 the assessor may
6 deny a new or existing claim by notifying the owner and the
7 department of treasury in writing of the reason for the denial
8 and advising the owner that the denial may be appealed to the
9 department of treasury within 35 days after the date of the
10 notice. The denial shall be made on a form prescribed by the
11 department of treasury. If the assessor of the local tax
12 collecting unit believes that the property for which the
13 exemption is claimed is not the ~~homestead~~ **principal residence**
14 of the owner claiming the exemption, for taxes levied in 1994 the
15 assessor may send a recommendation for denial for any affidavit
16 that is forwarded to the department of treasury stating the
17 reasons for the recommendation. If the assessor of the local tax
18 collecting unit believes that the property for which the
19 exemption is claimed is not the ~~homestead~~ **principal residence**
20 of the owner claiming the exemption and has not denied the claim,
21 for taxes levied after 1994 the assessor shall include a
22 recommendation for denial with any affidavit that is forwarded to
23 the department of treasury or, for an existing claim, shall send
24 a recommendation for denial to the department of treasury,
25 stating the reasons for the recommendation.

26 (7) The department of treasury shall determine if the
27 property is the ~~homestead~~ **principal residence** of the owner

1 claiming the exemption. The department of treasury may review
2 the validity of exemptions for the current calendar year and for
3 the 3 immediately preceding calendar years. If the department of
4 treasury determines that the property is not the ~~homestead~~
5 **principal residence** of the owner claiming the exemption, the
6 department shall send a notice of that determination to the local
7 tax collecting unit and to the owner of the property claiming the
8 exemption, indicating that the claim for exemption is denied,
9 stating the reason for the denial, and advising the owner
10 claiming the exemption of the right to appeal the determination
11 to the department of treasury and what those rights of appeal
12 are. The department of treasury may issue a notice denying a
13 claim if an owner fails to respond within 30 days of receipt of a
14 request for information from that department. An owner may
15 appeal the denial of a claim of exemption to the department of
16 treasury within 35 days of receipt of the notice of denial. An
17 appeal to the department of treasury shall be conducted according
18 to the provisions for an informal conference in section 21 of
19 1941 PA 122, MCL 205.21. Within 10 days after acknowledging an
20 appeal of a denial of a claim of exemption, the department of
21 treasury shall notify the assessor and the treasurer for the
22 county in which the property is located that an appeal has been
23 filed. Upon receipt of a notice that the department of treasury
24 has denied a claim for exemption, the assessor shall remove the
25 exemption of the property and, if the tax roll is in the local
26 tax collecting unit's possession, amend the tax roll to reflect
27 the denial and the local treasurer shall issue a corrected tax

1 bill for previously unpaid taxes with interest and penalties
2 computed based on the interest and penalties that would have
3 accrued from the date the taxes were originally levied if there
4 had not been an exemption. If the tax roll is in the county
5 treasurer's possession, the tax roll shall be amended to reflect
6 the denial and the county treasurer shall prepare and submit a
7 supplemental tax bill for any additional taxes, together with any
8 interest and penalties. For taxes levied in 1994 only, the
9 county treasurer shall waive any interest and penalties due if
10 the owner pays the supplemental tax bill not more than 30 days
11 after the owner receives the supplemental tax bill. Interest and
12 penalties shall not be assessed for any period before February
13 14, 1995. However, if the property has been transferred to a
14 bona fide purchaser before additional taxes were billed to the
15 seller as a result of the denial of a claim for exemption, the
16 taxes, interest, and penalties shall not be billed to the bona
17 fide purchaser, and the local tax collecting unit if the local
18 tax collecting unit has possession of the tax roll or the county
19 treasurer if the county has possession of the tax roll shall
20 notify the department of treasury of the amount of tax due and
21 interest through the date of that notification. The department
22 of treasury shall then assess the owner who claimed the
23 ~~homestead property tax~~ exemption **under this section** for the tax
24 and interest plus penalty accruing as a result of the denial of
25 the claim for exemption, if any, as for unpaid taxes provided
26 under 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any
27 tax, interest, or penalty collected into the state school aid

1 fund.

2 (8) An owner may appeal a final decision of the department of
3 treasury to the residential and small claims division of the
4 Michigan tax tribunal within 35 days of that decision. An
5 assessor may appeal a final decision of the department of
6 treasury to the residential and small claims division of the
7 Michigan tax tribunal within 35 days of that decision if the
8 assessor denied the exemption under subsection (6), or, for taxes
9 levied in 1994 only, the assessor forwarded a recommendation for
10 denial to the department of treasury under subsection (6). An
11 owner is not required to pay the amount of tax in dispute in
12 order to appeal a denial of a claim of exemption to the
13 department of treasury or to receive a final determination of the
14 residential and small claims division of the Michigan tax
15 tribunal. However, interest and penalties except as provided in
16 subsection (7), if any, shall accrue and be computed based on the
17 interest and penalties that would have accrued from the date the
18 taxes were originally levied as if there had not been an
19 exemption.

20 (9) An affidavit filed by an owner for ~~a homestead~~ **the**
21 **exemption under this section** rescinds all previous exemptions
22 filed by that owner for any other ~~homestead~~ **property**. The
23 department of treasury shall notify the assessor of the local tax
24 collecting unit in which the property for which a previous
25 exemption was claimed is located that the previous exemption is
26 rescinded by the subsequent affidavit. Upon receipt of notice
27 that an exemption is rescinded, the assessor of the local tax

1 collecting unit shall remove the exemption effective December 31
2 of the year in which the property is transferred or is no longer
3 a ~~homestead~~ **principal residence** as defined in section 7dd. The
4 assessor of the local tax collecting unit in which that property
5 is located shall notify the treasurer in possession of the tax
6 roll for a year for which the exemption is rescinded. If the tax
7 roll is in the local tax collecting unit's possession, the tax
8 roll shall be amended to reflect the rescission and the local
9 treasurer shall prepare and issue a corrected tax bill for
10 previously unpaid taxes with interest and penalties computed
11 based on the interest and penalties that would have accrued from
12 the date the taxes were originally levied if there had not been
13 an exemption for that year. If the tax roll is in the county
14 treasurer's possession, the tax roll shall be amended to reflect
15 the rescission and the county treasurer shall prepare and submit
16 a supplemental tax bill for any additional taxes, together with
17 any interest and penalties. However, if the property has been
18 transferred to a bona fide purchaser, the taxes, interest, and
19 penalties shall not be billed to the bona fide purchaser, and the
20 local tax collecting unit if the local tax collecting unit has
21 possession of the tax roll or the county treasurer if the county
22 has possession of the tax roll shall notify the department of
23 treasury of the amount of tax due and interest through the date
24 of that notification. The department of treasury shall then
25 assess the owner who received the ~~homestead property tax~~
26 exemption **under this section** when the property was not a
27 ~~homestead~~ **principal residence** as defined in section 7dd for the

1 tax and interest plus penalty accruing, if any, as for unpaid
2 taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and shall
3 deposit any tax, interest, or penalty collected into the state
4 school aid fund.

5 (10) An owner of property for which a claim of exemption is
6 rescinded may appeal that rescission with either the July or
7 December board of review in either the year for which the
8 exemption is rescinded or in the immediately succeeding year. If
9 an appeal of a rescission of a claim for exemption is received
10 not later than 5 days prior to the date of the December board of
11 review, the local tax collecting unit shall convene a December
12 board of review and consider the appeal pursuant to this section
13 and section 53b. An owner of property for which a claim of
14 exemption is rescinded may appeal the decision of the board of
15 review to the residential and small claims division of the
16 Michigan tax tribunal within 35 days of that decision.

17 (11) If the ~~homestead~~ **property** is part of a unit in a
18 multiple-unit dwelling or a dwelling unit in a multiple-purpose
19 structure, an owner shall claim an exemption for only that
20 portion of the total taxable value of the property used as the
21 ~~homestead~~ **principal residence** of that owner in a manner
22 prescribed by the department of treasury. If a portion of a
23 parcel for which the owner claims an exemption is used for a
24 purpose other than as a ~~homestead~~ **principal residence**, the
25 owner shall claim an exemption for only that portion of the
26 taxable value of the property used as the ~~homestead~~ **principal**
27 **residence** of that owner in a manner prescribed by the department

1 of treasury.

2 (12) When a county register of deeds records a transfer of
3 ownership of a property, he or she shall notify the local tax
4 collecting unit in which the property is located of the
5 transfer.

6 (13) The department of treasury shall make available the
7 affidavit forms and the forms to rescind an exemption, which may
8 be on the same form, to all city and township assessors, county
9 equalization officers, county registers of deeds, and closing
10 agents. A person who prepares a closing statement for the sale
11 of property shall provide affidavit and rescission forms to the
12 buyer and seller at the closing and, if requested by the buyer or
13 seller after execution by the buyer or seller, shall file the
14 forms with the local tax collecting unit in which the property is
15 located. If a closing statement preparer fails to provide
16 ~~homestead~~ exemption affidavit and rescission forms to the buyer
17 and seller, or fails to file the affidavit and rescission forms
18 with the local tax collecting unit if requested by the buyer or
19 seller, the buyer may appeal to the department of treasury within
20 30 days of notice to the buyer that an exemption was not
21 recorded. If the department of treasury determines that the
22 buyer qualifies for the exemption, the department of treasury
23 shall notify the assessor of the local tax collecting unit that
24 the exemption is granted and the assessor of the local tax
25 collecting unit or, if the tax roll is in the possession of the
26 county treasurer, the county treasurer shall correct the tax roll
27 to reflect the exemption. This subsection does not create a

1 cause of action at law or in equity against a closing statement
2 preparer who fails to provide ~~homestead~~ exemption affidavit and
3 rescission forms to a buyer and seller or who fails to file the
4 affidavit and rescission forms with the local tax collecting unit
5 when requested to do so by the buyer or seller.

6 (14) An owner who owned and occupied a ~~homestead~~ **principal**
7 **residence** on May 1 for which the exemption was not on the tax
8 roll may file an appeal with the July board of review or December
9 board of review in the year for which the exemption was claimed
10 or the immediately succeeding 3 years. If an appeal of a claim
11 for exemption that was not on the tax roll is received not later
12 than 5 days prior to the date of the December board of review,
13 the local tax collecting unit shall convene a December board of
14 review and consider the appeal pursuant to this section and
15 section 53b.

16 (15) If the assessor or treasurer of the local tax collecting
17 unit believes that the department of treasury erroneously denied
18 a claim for exemption, the assessor or treasurer may submit
19 written information supporting the owner's claim for exemption to
20 the department of treasury within 35 days of the owner's receipt
21 of the notice denying the claim for exemption. If, after
22 reviewing the information provided, the department of treasury
23 determines that the claim for exemption was erroneously denied,
24 the department of treasury shall grant the exemption and the tax
25 roll shall be amended to reflect the exemption.

26 (16) If granting the exemption under this section results in
27 an overpayment of the tax, a rebate, including any interest paid,

1 shall be made to the taxpayer by the local tax collecting unit if
2 the local tax collecting unit has possession of the tax roll or
3 by the county treasurer if the county has possession of the tax
4 roll within 30 days of the date the exemption is granted. The
5 rebate shall be without interest.

6 (17) If an exemption under this section is erroneously
7 granted, an owner may request in writing that the department of
8 treasury withdraw the exemption. If an owner requests that an
9 exemption be withdrawn, the department of treasury shall issue an
10 order notifying the local assessor that the exemption issued
11 under this section has been denied based on the owner's request.
12 If an exemption is withdrawn, the property that had been subject
13 to that exemption shall be immediately placed on the tax roll by
14 the local tax collecting unit if the local tax collecting unit
15 has possession of the tax roll or by the county treasurer if the
16 county has possession of the tax roll as though the exemption had
17 not been granted. A corrected tax bill shall be issued for the
18 tax year being adjusted by the local tax collecting unit if the
19 local tax collecting unit has possession of the tax roll or by
20 the county treasurer if the county has possession of the tax
21 roll. If an owner requests that an exemption under this section
22 be withdrawn before that owner is contacted in writing by either
23 the local assessor or the department of treasury regarding that
24 owner's eligibility for the exemption and that owner pays the
25 corrected tax bill issued under this subsection within 30 days
26 after the corrected tax bill is issued, that owner is not liable
27 for any penalty or interest on the additional tax. An owner who

1 pays a corrected tax bill issued under this subsection more than
2 30 days after the corrected tax bill is issued is liable for the
3 penalties and interest that would have accrued if the exemption
4 had not been granted from the date the taxes were originally
5 levied.

6 (18) For tax years beginning on and after January 1, 1994, a
7 cooperative housing corporation is entitled to a full or partial
8 exemption under this section for the tax year in which the
9 cooperative housing corporation files all of the following with
10 the local tax collecting unit in which the cooperative housing
11 corporation is located if filed on or before May 1 of the tax
12 year, or for the tax year following the year in which all of the
13 following are filed if filed after May 1 of the tax year:

14 (a) An affidavit form.

15 (b) A statement of the total number of units owned by the
16 cooperative housing corporation and occupied as the principal
17 residence of a tenant stockholder as of the date of the filing
18 under this subsection.

19 (c) A list that includes the name, address, and social
20 security number of each tenant stockholder of the cooperative
21 housing corporation occupying a unit in the cooperative housing
22 corporation as his or her principal residence as of the date of
23 the filing under this subsection.

24 (d) A statement of the total number of units of the
25 cooperative housing corporation on which an exemption under this
26 section was claimed and that were transferred in the tax year
27 immediately preceding the tax year in which the filing under this

1 section was made.

2 Sec. 7dd. As used in sections 7cc and 7ee:

3 ~~(a) "Homestead" means that portion of a dwelling or unit in~~
4 ~~a multiple unit dwelling that is subject to ad valorem taxes and~~
5 ~~is owned and occupied as a principal residence by an owner of the~~
6 ~~dwelling or unit. Homestead also includes all of an owner's~~
7 ~~unoccupied property classified as residential that is adjoining~~
8 ~~or contiguous to the dwelling subject to ad valorem taxes and~~
9 ~~that is owned and occupied as a principal residence by the~~
10 ~~owner. Contiguity is not broken by a road, a right of way, or~~
11 ~~property purchased or taken under condemnation proceedings by a~~
12 ~~public utility for power transmission lines if the 2 parcels~~
13 ~~separated by the purchased or condemned property were a single~~
14 ~~parcel prior to the sale or condemnation. Homestead also~~
15 ~~includes any portion of a principal residence of an owner that is~~
16 ~~rented or leased to another person as a residence as long as that~~
17 ~~portion of the principal residence that is rented or leased is~~
18 ~~less than 50% of the total square footage of living space in that~~
19 ~~principal residence. Homestead also includes a life care~~
20 ~~facility registered under the living care disclosure act, Act~~
21 ~~No. 440 of the Public Acts of 1976, being sections 554.801 to~~
22 ~~554.844 of the Michigan Compiled Laws. Homestead also includes~~
23 ~~property owned by a cooperative housing corporation and occupied~~
24 ~~as a principal residence by tenant stockholders.~~

25 ~~(a) —(b)—~~ "Owner" means any of the following:

26 ~~(i)~~ A person who owns property or who is purchasing property
27 under a land contract.

1 (ii) A person who is a partial owner of property.

2 (iii) A person who owns property as a result of being a
3 beneficiary of a will or trust or as a result of intestate
4 succession.

5 (iv) A person who owns or is purchasing a dwelling on leased
6 land.

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

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

11 (vii) A cooperative housing corporation.

12 (viii) A facility registered under ~~Act No. 440 of the Public~~
13 ~~Acts of 1976~~ **the living care disclosure act, 1976 PA 440, MCL**
14 **554.801 to 554.844.**

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

20 (c) ~~(d)~~ "Principal residence" means the 1 place where a
21 person has his or her true, fixed, and permanent home to which,
22 whenever absent, he or she intends to return and that shall
23 continue as a principal residence until another principal
24 residence is established. **Principal residence includes only that**
25 **portion of a dwelling or unit in a multiple-unit dwelling that is**
26 **subject to ad valorem taxes and that is owned and occupied by an**
27 **owner of the dwelling or unit. Principal residence also includes**

1 all of an owner's unoccupied property classified as residential
2 that is adjoining or contiguous to the dwelling subject to ad
3 valorem taxes and that is owned and occupied by the owner.
4 Contiguity is not broken by a road, a right-of-way, or property
5 purchased or taken under condemnation proceedings by a public
6 utility for power transmission lines if the 2 parcels separated
7 by the purchased or condemned property were a single parcel prior
8 to the sale or condemnation. Principal residence also includes
9 any portion of a dwelling or unit of an owner that is rented or
10 leased to another person as a residence as long as that portion
11 of the dwelling or unit that is rented or leased is less than 50%
12 of the total square footage of living space in that dwelling or
13 unit. Principal residence also includes a life care facility
14 registered under the living care disclosure act, 1976 PA 440, MCL
15 554.801 to 554.844. Principal residence also includes property
16 owned by a cooperative housing corporation and occupied by tenant
17 stockholders.

18 (d) ~~(e)~~ "Qualified agricultural property" means unoccupied
19 property and related buildings classified as agricultural, or
20 other unoccupied property and related buildings located on that
21 property devoted primarily to agricultural use as defined in
22 section 36101 of ~~part 361 (farmland and open space preservation)~~
23 ~~of~~ the natural resources and environmental protection act, ~~Act~~
24 ~~No. 451 of the Public Acts of 1994, being section 324.36101 of~~
25 ~~the Michigan Compiled Laws~~ 1994 PA 451, MCL 324.36101. Related
26 buildings include a residence occupied by a person employed in or
27 actively involved in the agricultural use and who has not claimed

1 a ~~homestead~~ **principal residence** exemption on other property.
2 Property used for commercial storage, commercial processing,
3 commercial distribution, commercial marketing, or commercial
4 shipping operations or other commercial or industrial purposes is
5 not qualified agricultural property. A parcel of property is
6 devoted primarily to agricultural use only if more than 50% of
7 the parcel's acreage is devoted to agricultural use. An owner
8 shall not receive an exemption for that portion of the total
9 state equalized valuation of the property that is used for a
10 commercial or industrial purpose or that is a residence that is
11 not a related building.

12 Sec. 24c. (1) The assessor shall give to each owner or
13 person or persons listed on the assessment roll of the property a
14 notice by first-class mail of an increase in the tentative state
15 equalized valuation or the tentative taxable value for the year.
16 The notice shall specify each parcel of property, the tentative
17 taxable value for the current year and, beginning in 1996, the
18 taxable value for the immediately preceding year. The notice
19 shall also specify the time and place of the meeting of the board
20 of review. Beginning in 1996, the notice shall also specify the
21 difference between the property's tentative taxable value in the
22 current year and the property's taxable value in the immediately
23 preceding year.

24 (2) The notice shall include, in addition to the information
25 required by subsection (1), all of the following:

26 (a) The state equalized valuation for the immediately
27 preceding year.

1 (b) The tentative state equalized valuation for the current
2 year.

3 (c) The net change between the tentative state equalized
4 valuation for the current year and the state equalized valuation
5 for the immediately preceding year.

6 (d) The classification of the property as defined by section
7 34c.

8 (e) The inflation rate for the immediately preceding year as
9 defined in section 34d.

10 (f) A statement provided by the state tax commission
11 explaining the relationship between state equalized valuation and
12 taxable value. Beginning in 1996, if the assessor believes that
13 a transfer of ownership has occurred in the immediately preceding
14 year, the statement shall state that the ownership was
15 transferred and that the taxable value of that property is the
16 same as the state equalized valuation of that property.

17 (3) When required by the income tax act of 1967, 1967 PA 281,
18 MCL 206.1 to 206.532, the assessment notice shall include or be
19 accompanied by information or forms prescribed by the income tax
20 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

21 (4) The assessment notice shall be addressed to the owner
22 according to the records of the assessor and mailed not less than
23 10 days before the meeting of the board of review. The failure
24 to send or receive an assessment notice does not invalidate an
25 assessment roll or an assessment on that property.

26 (5) The tentative state equalized valuation shall be
27 calculated by multiplying the assessment by the tentative

1 equalized valuation multiplier. If the assessor has made
2 assessment adjustments that would have changed the tentative
3 multiplier, the assessor may recalculate the multiplier for use
4 in the notice.

5 (6) The state tax commission shall prepare a model assessment
6 notice form that shall be made available to local units of
7 government.

8 (7) Beginning in ~~1995~~ **2004**, the assessment notice under
9 subsection (1) shall include the following statement:

10 "If you purchased your ~~homestead~~ **principal**
11 **residence** after May 1 last year, to claim the
12 ~~homestead~~ **principal residence** exemption, if you
13 have not already done so, you are required to file an
14 affidavit before May 1. **You are not required to file**
15 **an affidavit to claim a principal residence exemption**
16 **if you previously filed an affidavit for a homestead**
17 **exemption.**"

18 (8) For taxes levied after December 31, 2003, the assessment
19 notice under subsection (1) shall separately state the state
20 equalized valuation and taxable value for any leasehold
21 improvements.

22 Sec. 27d. Not later than the fourth Monday in June in each
23 year, the county equalization director for each county shall
24 report all of the following to the state tax commission on a form
25 prepared by the state tax commission:

26 (a) Total taxable value of all property in the county as of
27 the fourth Monday in May in that year.

1 (b) Taxable value for each separately equalized class of
2 property.

3 (c) Total taxable value of all property in the county for
4 which a ~~homestead~~ **principal residence** exemption is granted
5 under section 7cc or a qualified agricultural property exemption
6 is granted under section 7ee.

7 (d) Total taxable value of all property in the county for
8 which a ~~homestead~~ **principal residence** exemption has not been
9 granted under section 7cc and a qualified agricultural property
10 exemption has not been granted under section 7ee.

11 Sec. 120. (1) A person claiming an exemption under
12 section 7cc shall not do any of the following:

13 (a) Make a false or fraudulent affidavit claiming an
14 exemption or a false statement on an affidavit claiming an
15 exemption.

16 (b) Aid, abet, or assist another in an attempt to wrongfully
17 obtain an exemption.

18 (c) Make or permit to be made for himself or herself or for
19 any other person a false affidavit claiming an exemption or a
20 false statement on an affidavit claiming an exemption, either in
21 whole or in part.

22 (d) Fail to rescind an exemption after the property subject
23 to that exemption is no longer a ~~homestead~~ **principal residence**
24 as defined in section 7dd.

25 (2) A person who violates a provision of subsection (1) with
26 the intent to wrongfully obtain or attempt to obtain an exemption
27 under section 7cc is guilty of a misdemeanor punishable by

1 imprisonment of not more than 1 year and punishable by a fine of
2 not more than \$5,000.00 or public service of not more than 1,500
3 hours, or both.

4 (3) In addition to the penalties provided in subsection (2),
5 a person who knowingly swears to or verifies an affidavit
6 claiming an exemption under section 7cc, or an affidavit claiming
7 any exemption under section 7cc that contains a false or
8 fraudulent statement, with the intent to aid, abet, or assist in
9 defrauding this state or a political subdivision of this state,
10 is guilty of perjury, a misdemeanor punishable by imprisonment of
11 not more than 1 year and punishable by a fine of not more than
12 \$5,000.00 or public service of not more than 1,500 hours, or
13 both.

14 (4) A person who does not violate a provision of
15 subsection (1), but who knowingly violates any other provision of
16 this act with the intent to defraud this state or a political
17 subdivision of this state, is guilty of a misdemeanor punishable
18 by a fine of not more than \$1,000.00 or public service of not
19 more than 500 hours, or both.

20 (5) The attorney general and the prosecuting attorney of each
21 county of this state have concurrent power to enforce this act.

22 (6) The penalty provisions set forth in subsections (2), (3),
23 and (4) do not apply to a violation of subsection (1) or any
24 other provision of this act occurring before December 31, 1995.

25 Enacting section 1. This amendatory act takes effect
26 January 1, 2004.

27 Enacting section 2. This amendatory act does not take

1 effect unless all of the following bills of the 92nd Legislature
2 are enacted into law:

- 3 (a) Senate Bill No. 129.
- 4 (b) Senate Bill No. 130.
- 5 (c) Senate Bill No. 131.
- 6 (d) Senate Bill No. 132.
- 7 (e) Senate Bill No. 134.
- 8 (f) Senate Bill No. 135.
- 9 (g) Senate Bill No. 136.