



Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 105  
Detroit, Michigan 48226

Phone: 313-628-0722  
Fax: 313-224-4576  
[www.detroitmi.gov](http://www.detroitmi.gov)

DATE: November 9, 2023

TO: Honorable Detroit City Council

RE: Resolution Adopting Approval of Homeowners Property Exemption Program Applications through 2023 under PA 191 of 2023

Honorable City Council

On November 7, 2023, Governor Gretchen Whitmer signed into law Public Act 191 of 2023 amending MCL 211.7u, the statute that addresses the exemption of residential owner-occupied real property by reason of poverty. What has been adopted in Detroit as the Homeowners Property Exemption Program (HOPE).

The purpose of this communication is to ask this Honorable Body to adopt a resolution giving authority to the Office of the Assessor to allow the principal residence of a person by reason of poverty that has been determined to still be eligible for this exemption and the property was exempt from the collection of taxes in tax year 2019, 2020 and 2021 could remain exempt through 2023.

In order to be consistent with the amended statute, local units must adopt a resolution by December 1, 2023 to carry the exemption forward (MCL 211.7u(6) and MCL211.7u(8)). The language as written requires a review of approved exemptions by the Office of the Assessor. The importance is to ensure that only those properties that are truly eligible receive the exemption (did not transfer, still owner occupied, etc.)

This was an effort to make final adjustments for those that may have been affected by the pandemic, especially reducing the health risks associated with the activity that would be centered on submitting of poverty applications, there is a definite need for the tax exemptions to be approved through 2023. It also will provide much needed support and assistance to both the families that depend on the process and the Board of Review and Office of the Assessor that is required to process and manage each appeal. First it will address the number of appeals filed to the Board of Review by approximately 2,800 applications which will be entered at the December Board of Review. Having the decisions entered at the December Board of Review means that property owners will see the exemption notification and will greatly reduce the stress on the Board of Review and Office of the Assessor as it relates to last-minute filings.



Property Assessment  
**Board of Review**

Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 105  
Detroit, Michigan 48226

Phone: 313-628-0722  
Fax: 313-224-4576  
www.detroitmi.gov

This also means that more of an effort can be placed on those homeowners that may be in threat of tax foreclosure and have the opportunity to participate in the “Pay As You Stay Program” (PAYS) can be targeted for assistance. A program that is equally as important.

This communication is submitted in cooperation with the Office of the Assessor and we ask that this Honorable Body adopt the attached resolution and add a waiver of reconsideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Willie C. Donwell".

Willie C. Donwell, MCAO / MCPPE  
Director  
Property Assessment Board of Review

Cc; Mayor Mike Duggan

Council President Mary Sheffield  
Council Member Fred Durhal, II, Chair – Budget, Finance and Audit Committee  
Council Member LaTisha Johnson, Chair – Internal Operations Committee  
Brian white, Chief of Staff – Council President Mary Sheffield  
David Whitaker, Director – Legislative Policy Division  
Irvin Corley, Legislative Policy Division  
Lakisha Barclift, Legislative Policy Division  
Derrick Headd, Legislative Policy Division  
Marcel Todd, Legislative Policy Division  
Jay Rising, Chief Financial Officer – Office of the Chief Financial Officer (OCFO)  
Charles Raimi – Deputy Corporation Counsel / Law Department  
Alvin Horhn, Assessor/Deputy CFO – Office of the Assessor-(OCFO)  
Charles Erickson – Assessor / Office of the Assessor (OCFO)  
Stefanie O’Neal – Assessor / Office of the Assessor (OCFO)  
Cynthia Burton – Deputy Assessor / Office of the Assessor (OCFO)  
Perry Yun, Law Department

Attachments; Resolution  
Public Act 191 of 2023  
State of Michigan Legislative Summary – Senate Bill 55

**BY COUNCIL MEMBER \_\_\_\_\_**

**WHEREAS**, pursuant to Public Act 206 of 1893, as amended, specifically MCL 211.7u, the principal residence of persons who, by reason of poverty, are unable to contribute toward the public charges is eligible for exemption from taxation; and,

**WHEREAS**, pursuant to Public Act 191 of 2023, amending MCL 211. 7u this Honorable Body is charged with adopting the carry forward of said exemptions through 2023 for the persons who were determined to still be eligible for the exemption and the property was exempt in 2019, 2020 and 2021; and,

**WHEREAS**, pursuant to Section 9-401 of the Charter of the City of Detroit this Honorable Body has appointed a Property Assessment Board of Review to hear and determine applications for exemption from taxation by reason of poverty;

**NOW, THEREFORE BE IT**

**RESOLVED**, that if the Office of the Assessor determines that a principal residence of a person by reason of poverty is still eligible for this exemption and the property was exempt from the collection of taxes in the tax years of 2019, 2020 and 2021, the property shall remain exempt from the collection of taxes through 2023 is hereby adopted and approved.

Act No. 191  
Public Acts of 2023  
Approved by the Governor  
November 7, 2023  
Filed with the Secretary of State  
November 7, 2023  
EFFECTIVE DATE: November 7, 2023

**STATE OF MICHIGAN  
102ND LEGISLATURE  
REGULAR SESSION OF 2023**

Introduced by Senators Chang, Shink, Wojno, Bayer, Geiss, McMorrow and Moss

## **ENROLLED SENATE BILL No. 55**

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” 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:*

Sec. 7u. (1) The principal residence of a person who, in the judgment of the supervisor and board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under this act. This section does not apply to the property of a corporation.

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

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

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

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

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

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

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

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

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

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

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

(i) A 75%, 50%, or 25% reduction in taxable value for the tax 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 exempt from the collection of taxes under this section in tax year 2019 or 2020, or both, to remain exempt under this section in tax years 2021, 2022, and 2023 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), 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), 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 of the following apply to a person who obtains an extended exemption under this subsection:

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

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

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

(b) If the person fails to file a rescission as required under subdivision (a) and the property is later determined to be ineligible for the exemption under this section, the person is subject to repayment of any additional taxes with interest as described in this subdivision. Upon discovery that the property is no longer eligible for the exemption under this section, the assessor shall remove the exemption of that property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the removal of the exemption, and the local treasurer shall, within 30 days of the date of the discovery, issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month computed from the date the taxes were last payable without interest. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the removal of the exemption and the county treasurer shall, within 30 days of the date of the removal, prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month computed from the date the taxes were last payable without interest. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

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

(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).

(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 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). 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.

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

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

Sec. 53b. (1) If there has been a qualified error, the qualified error must be verified by the local assessing officer and approved by the board of review. Except as otherwise provided in subsection (5), the board of review shall meet for the purposes of this section on Tuesday following the second Monday in December and on Tuesday following the third Monday in July. If approved, the board of review shall file an affidavit within 30 days relative to the qualified error with the proper officials and all affected official records must be corrected. If the qualified error results in an overpayment or underpayment, the rebate, including any interest paid, must be made to the taxpayer or the taxpayer must be notified and payment made within 30 days of the notice. A rebate must be without interest. The treasurer in possession of the appropriate tax roll may deduct the rebate from the appropriate tax collecting unit's subsequent distribution of taxes. The treasurer in possession of the appropriate tax roll shall bill to the appropriate tax collecting unit the tax collecting unit's share of taxes rebated. Except as otherwise provided in section 27a(4), a correction under this subsection may be made for the current year and the immediately preceding year only.

(2) Action under subsection (1) may be initiated by the taxpayer or the assessing officer.

(3) The board of review meeting in July and December must be held only for the purpose described in subsection (1) and to hear appeals provided for in sections 7u, 7ee, and 7jj. If an exemption under section 7u is approved, the board of review shall file an affidavit with the proper officials involved in the assessment and collection of taxes and all affected official records must be corrected. If an appeal under section 7ee or 7jj results in a determination that an overpayment has been made, the board of review shall file an affidavit and a rebate must be made at the times and in the manner provided in subsection (1). Except as otherwise provided in sections 7ee and 7jj, a correction under this subsection must be made for the year in which the appeal is made only. If the board of review approves an exemption or provides a rebate for property under section 7ee or 7jj as provided in this subsection, the board of review shall require the owner to execute the affidavit provided for in section 7ee or 7jj.

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

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

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

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

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

(a) A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.

(b) A mutual mistake of fact.

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

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

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

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

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

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

(i) Any of the following errors regarding an exemption under section 7b:

(i) An error made by the local tax collecting unit in the processing of a timely filed exemption affidavit.

(ii) A delay in the determination by the United States Department of Veterans Affairs that a veteran is permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

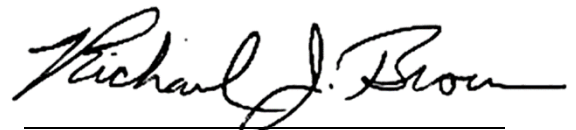
(iii) For tax year 2023 only, a denial by the board of review of an exemption claimed under section 7b(1)(b).

(j) An exemption under section 7u(10), for the immediately preceding tax year only, if the exemption was not on the assessment roll and was not denied for that tax year. A claim for exemption must be filed with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, accompanied by supporting documentation establishing eligibility for the exemption for that immediately preceding tax year under the criteria in section 7u(2) and any other supporting documentation as may be required by the state tax commission.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor

## POVERTY EXEMPTION EXTENSION

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 55 (H-1) as adopted**  
**Sponsor: Sen. Stephanie Chang**  
**House Committee: Tax Policy**  
**Senate Committee: Housing and Human Services**  
**Complete to 10-14-23**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

Senate Bill 55 would amend the General Property Tax Act to provide that properties that qualified for a poverty exemption from property taxes during the 2019, 2020, and 2021 tax years could remain exempt through the 2023 tax year, along with other complementary changes. The bill would also allow boards of review to grant a 75% poverty exemption, in addition to the values already permitted in the act.

Currently, the act allows local supervisors and boards of review to grant a “poverty exemption” to qualifying owners of *principal residences*.

Generally speaking, a *principal residence* is an owner-occupied residence that is the owner’s primary residence. The term, for purpose of the poverty exemption, also includes qualified agricultural property.

A principal residence that was exempt in tax year 2019 or 2020 remained exempt through tax year 2021 if, on or before February 25, 2021, the local assessing unit’s governing body adopted such a resolution.

A local board of review can grant a 100%, 50%, or 25% exemption, or it can grant any other percentage reduction subject to the State Tax Commission’s approval.

Senate Bill 55 would provide that properties that were exempted in tax years 2019, 2020, and 2021 could remain exempt through tax year 2023 if, on or before December 1, 2023, local assessing unit’s governing body adopted such a resolution.

A board of review would be able to grant a 75% exemption in taxable value for the tax year in which the exemption is granted.

The bill would also grant local boards of review the sole authority in determining if an applicant qualifies, rather than local boards of review and local supervisors.

If a poverty exemption for an eligible individual’s principal residence was not on the assessment roll and was not denied, the July or December board of review would have to grant either a partial or whole exemption on that residence for the immediately preceding tax year. This would constitute a “qualified error” as defined by this section of the General Property Tax Act. In such cases, a claim of exemption would have to be filed with the



board of review on a form prescribed by the State Tax Commission and provided by the local assessing unit, accompanied by supporting documentation that establishes eligibility for the poverty exemption for the immediately preceding tax year and any additional documentation as may be required by the State Tax Commission.

The local assessing unit would be required to notify the Department of Treasury of any exemption granted for the immediately preceding tax year in a form and manner prescribed by the department.

MCL 211.7u et seq.

### **BRIEF DISCUSSION:**

According to committee testimony, the program has proven useful for local governments, but the initial opt-in window only lasted a few months. The bill is intended to extend the opt-in period and allow more local units to participate.

### **HOUSE FLOOR ACTION:**

The H-1 substitute adopted by the House is a “conflict substitute” that incorporate changes to the law proposed by another bill moving through the legislative process at the same time. Generally speaking, conflict substitutes resolve potential conflicts between different bills that amend the same section of law. Without a substitute that takes both bills into account, the last bill enacted would overwrite and undo the changes made by the earlier bill. The H-1 substitute includes changes regarding the denial of a disabled veterans property tax exemption as a qualified error proposed by Senate Bill 364, which was presented to the governor on October 10, 2023.<sup>1</sup>

### **FISCAL IMPACT:**

As written, the bill would reduce state and local property tax revenue by an unknown, but likely, small amount. Under current law, the existing exemption is estimated to reduce revenue by about \$6.5 million. Increasing the poverty exemption and allowing for retroactivity would likely generate an additional revenue reduction, but, as already stated, the impact would be expected to be small.

### **POSITIONS:**

A representative of the Michigan Association of County Treasurers testified in support of the bill. (6-21-23)

The following entities indicated support for the bill:

- Michigan Assessors Association (9-6-23)
- Michigan Association of United Ways (6-21-23)

---

<sup>1</sup> <http://legislature.mi.gov/doc.aspx?2023-SB-0364>

- Michigan Catholic Conference (9-6-23)
- Michigan Community Action (9-6-23)
- Michigan League for Public Policy (6-21-23)
- Michigan Municipal League (9-6-23)
- Michigan Townships Association (6-21-23)

The Department of Treasury indicated a neutral position on the bill. (6-21-23)

Legislative Analyst: Alex Stegbauer  
Fiscal Analysts: Jim Stansell  
Ben Gielczyk

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.