



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Bulletin 11 of 2014
October 13, 2014
Exemption of Partially
Completed New Construction

TO: Assessing Officers
FROM: State Tax Commission
RE: Exemption of Partially Completed New Construction for a Prior Year

Bulletin 10 of 1998 is rescinded.

MCL 211.53d provides that for corrected assessment rolls for each year exempt property was assessed as partially completed. The correction can be made once the improvements and the land on which the improvements are located are determined to be exempt on tax day in the year construction of the improvements were completed and the property was put to use.

This exemption only applies to new construction only and not to remodeling. For example, if a congregation bought an existing building, and over the period of several years, converted the building into a church, the exemption **for partially completed new construction** would not apply. MCL 211.53d defines new construction as property not in existence on the immediately preceding tax day and not replacement construction.

This exemption does not apply to the 18 mill exemption provided by the Principal Residence Exemption or the Qualified Agricultural Property Exemption. For example, if a new home is occupied as a homestead for the first time on May 1, 2014 and the owner receives the Principal Residence Exemption in 2014, the owner cannot also seek the Principal Residence exemption for 2013 as a partially completed property.

A) Exemption from Taxes Levied for Partially Completed New Construction

- 1) In order to qualify for the exemption the land and improvements must qualify for, and receive an exemption from, property taxes on December 31 of the year during which construction is completed and the property is put to an exempt use.

Example: If a new church was under construction on December 31, 2012 and was completed before December 31, 2013, the church must qualify for exemption as a completed property in 2014 before it can receive an exemption as a partially completed property in 2013.

B) Administration of the Exemption of Partially Completed New Construction

The State Tax Commission has established the following procedures which shall be used by assessors and treasurers when a property qualifies for the exemption of partially completed new construction for a prior year(s).

- 1) The assessor cannot take any action to exempt a property which had **partially completed** new construction in a prior year until after an exemption has been granted to the property by the March Board of Review for a **fully completed** property which has been put to an exempt use.
- 2) After an exemption for a **fully completed** property has been granted, the assessor shall immediately determine whether the property also qualifies for exemption for **partially completed new construction** in a prior year.
- 3) If there was an assessment for **partially completed new construction** for a prior year, the assessor shall notify the property owner in writing whether an exemption has been granted for a prior year. The assessor shall also advise the owner of his/her right to appeal the assessor's decision to the Michigan Tax Tribunal by letter within 30 days of receiving the notice.
- 4) If an exemption is granted for a prior year **for partially completed new construction**, the assessor shall correct the assessment roll(s) and tax roll(s) for the appropriate year(s). The assessor shall also, within 30 days, file State Tax Commission Form 3434, *Assessor Affidavit for Exemption of Partially Completed New Construction* with the proper officials who are involved with the assessment figures, rate of taxation, or mathematical calculations and all official records shall be corrected.
- 5) For each tax year in which the tax roll is corrected, a corrected tax bill shall be issued by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll. If granting the exemption under this section results in an overpayment of the tax, a rebate, including any interest and penalties paid, shall be made to the taxpayer by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll within 30 days of the date the exemption is granted. The rebate shall be without additional interest other than that already paid.