



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

## **Principal Residence Exemption Public Act 17 of 2010 Amendments Waiver of Interest and Timber-Cutover Classified Property**

On March 18, 2010, Governor Granholm signed House Bill 4200, enacting Public Act 17 of 2010, which amended Sections 211.7cc and 211.7dd of the General Property Tax Act of 1893. The amendment allows **only** the Department of Treasury (Department) to waive interest following a Principal Residence Exemption (PRE) denial in certain circumstances as approved by the Department. In addition, it changes the definition of a principal residence to include unoccupied adjoining or contiguous property that is classified as timber-cutover real property under Section 34c.

### **Waiver of Interest**

Specifically, Subsection (8) of 211.7cc was amended stating that the Department may:

“waive interest on any tax set forth in a corrected or supplemental tax bill for the current tax year and the immediately preceding 3 tax years if the assessor of the local tax collecting unit files with the department of treasury a sworn affidavit in a form prescribed by the department of treasury stating that the tax set forth in the corrected or supplemental tax bill is a result of the assessor’s classification error or other error or the assessor’s failure to rescind the exemption after the owner requested in writing that the exemption be rescinded.”

The Department will distribute, in the near future, an approved, standard affidavit and instructions for assessors to submit a request to the Department to waive interest following a PRE denial. Upon review of the affidavit and supporting documentation, the Department will notify the assessor in writing of its determination as to whether or not the interest is waived. Interest cannot be waived until written authorization is received from the Department. The Department is the only entity with authorization to waive interest. The Board of Review, local unit officials, county officials, Michigan Tax Tribunal, and any other person or entity **do not** have the statutory authority to waive interest in a corrected or supplemental tax bill resulting from a PRE denial.

### **Timber-Cutover Property**

Subsection (c) of 211.7dd was amended to include, in the definition of a “principal residence” beginning on December 31, 2007, “all of an owner’s unoccupied property classified as timber-cutover real property under section 34c that is adjoining or contiguous to the dwelling subject to ad valorem taxes and that is owned and occupied by the owner.” The amendment requires the

property to be unoccupied, with no occupied dwelling on the property, in order to qualify. In addition, the timber-cutover property must be adjoined or contiguous to the owner's principal residence.

Subsection (19) of 211.7cc was amended to include:

“[f]or the 2008 and 2009 tax years only, an owner of property that is classified as timber-cutover real property adjoining or contiguous to that owner's principal residence who did not claim an exemption for the property ... before May 1, 2009 or whose claim for exemption ...” on such property “...was denied before May 1, 2009 may file an appeal with the 2009 December board of review or the 2010 July board of review to claim an exemption under this section for that property classified as timber-cutover real property for the 2008 and 2009 tax years.”

As of the date of this document, we are beyond the 2009 December Board of Review appeal period. The only option an owner has is to go to the 2010 July Board of Review. Again, only the 2008 and 2009 tax years involving property classified as timber-cutover may be appealed to the 2010 July Board of Review. If an owner's PRE was denied for the 2007 tax year or prior because it was classified as timber-cutover, the amendment **does not** provide the Board of Review the authority to reinstate the PRE on the property. In accordance with Subsection (21) of 211.7cc, if the PRE is granted by the Board of Review for the 2008 and 2009 tax years, “the tax roll shall be corrected and any delinquent and unpaid penalty, interest, and tax resulting from that property not having been exempt under this section for the 2008 or 2009 tax year shall be waived.”

For additional PRE information, please visit the PRE website at: [www.michigan.gov/PRE](http://www.michigan.gov/PRE). When developed, the affidavit and instructions will be distributed via electronic List Service and will be available on the PRE website. If you have questions, please e-mail them to: [PTE-Section@michigan.gov](mailto:PTE-Section@michigan.gov) or contact the PRE Unit at (517) 373-1950.