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Recent Changes to Disabled Veterans Property Tax Exemption

On October 19, 2023, Governor Whitmer signed legislation expanding the disabled veterans exemption for properties of spouses of disabled veterans that were acquired by the surviving spouse after the disabled veteran's death. Specifically, MCL 211.7b(1)(b) was amended to provide that:

A surviving spouse of a disabled veteran who, immediately before death, was eligible for the exemption under this section. An exemption under this subdivision continues as long as the surviving spouse does not remarry, and the exemption applies to any property used and owned as a homestead by the surviving spouse, including homestead property *acquired after the decedent's death*. (Emphasis added.)

The new law overturns the Court of Appeals decision in *Lockhart v Ontonagon Twp*, 341 Mich App 588; 991 NW2d 261 (2022), which held that a surviving spouse could only qualify for a disabled veteran's exemption if the disabled veteran owned the property prior to death.

MCL 211.7b(2) was also amended so that, beginning in 2025, veterans or their spouses no longer need to request the exemption on an annual basis. Specifically, MCL 211.7b(2) provides that "[a]n exemption granted . . . as to taxes levied on or after January 1, 2025 remains in effect, without subsequent reapplication, until it is rescinded [by either the disabled veteran or their spouse] or is denied by the assessor, as provided in section 7c." MCL 211.7c, also enacted on October 19, 2023, provides information regarding rescission and denial of the exemption.

Finally, MCL 211.53b was amended to include "a denial by the board of review of an exemption claimed under section 7b(1)(b)," *for the 2023 tax year*. Thus, the December 2023 Board of Review and both the 2024 July and December Boards of Review have authority to correct this limited qualified error relating to the change in law specified above. This means that if the Tribunal held a hearing relating to a surviving spouse's qualification of the disabled veteran's exemption prior to October 19, 2023, the Tribunal must apply the former law to the facts of that case. However, the Tribunal recognizes that the petitioner may attend one of the Boards of Review cited above to correct the qualified error and that the Boards of Review are not barred from correcting the error due to the subsequent change in the law. See *Pike v City of Wyoming*, 431 Mich 589; 433 NW2d 768 (1988).