

**State Tax Commission Bulletin No. 10 of 1998**  
**October 16, 1998**  
**Exemption of Partially Completed New Construction**

TO: Assessing Officers  
FROM: State Tax Commission

**RE: EXEMPTION OF PARTIALLY COMPLETED NEW CONSTRUCTION FOR A PRIOR YEAR IF THE PROPERTY IS EXEMPT WHEN COMPLETED AND PUT TO USE**

Attached is a copy of Public Act (PA) 280 of 1998 which was signed by the Governor on July 26, 1998 with an effective date of 12/31/91.

Under certain circumstances, PA 280 of 1998 exempts PARTIALLY COMPLETED NEW CONSTRUCTION for a previous year, if it qualified for exemption after it was completed and put to use. In other words, if new construction qualifies for exemption on the tax day after it is completed and put to use, it may also qualify for exemption for the prior year(s) during which it was under construction.

**IMPORTANT NOTE:** This exemption applies to NEW CONSTRUCTION. It does NOT apply to remodeling. In other words, if a congregation bought an existing building and, over the period of several years, converted it into a church, the exemption for **partially completed new construction** would NOT apply. PA 280 defines NEW CONSTRUCTION as property not in existence on the immediately preceding tax day and not replacement construction.

**IMPORTANT NOTE:** This exemption also applies to the land on which the partially completed new construction is located.

**IMPORTANT NOTE:** This exemption does NOT apply to the 18 mill exemption provided by the Homestead Exemption and the Qualified Agricultural Property Exemption. In other words, if a new home is occupied as a homestead for the first time on May 1, 1998 and the owner receives the Homestead Exemption in 1998, the owner cannot also seek the homestead exemption for 1997 as a partially completed property.

This bulletin will provide separate guidelines for taxes levied in the years 1992 to 1997 versus taxes levied in 1998 and thereafter. This is as provided by PA 280 of 1998.

**A. Exemption from Taxes Levied in the Years 1992 to 1997 for Partially Completed New Construction**

ALL of the following conditions must be met in order to qualify for the exemption for partially completed new construction for the years 1992 to 1997.

1. The land and improvements must qualify for and receive an exemption from property taxes as of December 31 of the year during which construction is completed and the property is put to use.

EXAMPLE: If a new church was under construction on 12-31-96 and was completed before 12-31-97, the church must qualify for exemption as a completed property in 1998 before it can receive an exemption for a partially completed property in 1997.

**AND**

2. The property owner must have claimed an exemption for the partially completed new construction BEFORE JANUARY 1, 1998 by formally protesting either:
  - a. to the assessor if a local ordinance or charter provides for it

OR

- b. to the first March Board of Review that meets after a certificate of occupancy has been issued

**AND**

1. The Board of Review must have denied the exemption for the partially completed new construction

**AND**

1. The Property Owner must have filed an appeal with the Michigan Tax Tribunal seeking exemption of the partially completed new construction

**AND**

- 5) The Michigan Tax Tribunal must have denied the requested exemption.

**A. Exemption from Taxes Levied in 1998 and Thereafter for Partially Completed New Construction**

The following condition must be met in order to qualify for the exemption of partially completed new construction for the year 1998 and for all years after 1998.

1. 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 use.

EXAMPLE: If a new church was under construction on 12-31-97 and was completed before 12-31-98, the church must qualify for exemption as a completed property in 1999 before it can receive an exemption for a partially completed property in 1998.

## A. Administration of the Exemption of Partially Completed New Construction

PA 280 of 1998 does not require that a taxpayer formally request the exemption for partially completed new construction for a prior year or that the exemption for a prior year be authorized by the Board of Review.

The State Tax Commission has therefore 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. The assessor shall use the guidelines contained in paragraph A or B of this bulletin to make that determination. Paragraph A provides guidelines for assessment years 1992 to 1997. Paragraph B provides guidelines for assessment years 1998 and thereafter.
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 an affidavit with the proper officials who are involved with the assessment figures, rate of taxation, or mathematical calculations and all official records shall be corrected. A sample affidavit is included at the end of this bulletin.
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 interest.