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DEPARTMENT OF TREASURY  
LANSING

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**BULLETIN NO. 2**  
**January 27, 2004**  
**CHANGES DUE TO PA 247 OF 2003**

DATE: January 27, 2004

TO: Assessors  
Treasurers  
County Equalization Directors

FROM: State Tax Commission (STC)

RE: **CHANGES DUE TO PUBLIC ACT (PA) 247 OF 2003**

Public Act (PA) 247 of 2003 was signed by Governor Granholm on December 23, 2003 with an effective date of December 29, 2003.

This law changes the status date for the homestead (homeowner's principal residence) exemption and the qualified agricultural property exemption from December 31 of the prior year (tax day) to May 1 of the year of the exemption. The homestead (homeowner's principal residence) exemption and the qualified agricultural property exemption are both exemptions from local school operating millage (typically 18 mills). This law also changes the appeal procedure when a homeowner's principal residence exemption is denied due to a rescission. Finally, this law provides for penalties and interest on additional taxes resulting from personal property assessments being increased by the State Tax Commission for omitted or incorrectly reported property under Michigan Compiled Law (MCL) 211.154.

This bulletin will address the changes required by PA 247 of 2003 under the following headings:

- A. Change in the Status Date for the Homestead (Homeowner's Principal Residence) Exemption and the Qualified Agricultural Property Exemption from December 31 to May 1**
- B. Change in the Appeal Procedure when a Homeowner's Principal Residence Exemption is Denied Due to a Rescission**
- C. Penalty and Interest on Certain Personal Property Tax Bills Increased by the State Tax Commission under the Authority of MCL 211.154**
- D. Amnesty Period for Penalty and Interest on Omitted or Incorrectly Reported Personal Property**

**IMPORTANT NOTE:** This bulletin does NOT address the changes to the law concerning the administration of the homestead (homeowner's principal residence) exemption or the changes to

the law related to the audit of homestead (homeowner's principal residence) exemptions. These are matters which will be addressed by the Homestead Exemption Section of the Michigan Department of Treasury.

**A. Change in the Status Date for the Homestead (Homeowner's Principal Residence) Exemption and the Qualified Agricultural Property Exemption from December 31 to May 1**

For 2003 and prior tax years, the status day for the homestead (homeowner's principal residence) exemption and the qualified agricultural property exemption was May 1 of the year of the exemption. State Tax Commission Bulletin No. 9 of 2003 advised assessors and equalization directors that PA 105 of 2003 provided that, starting in assessment year 2004, the status day for the homestead (homeowner's principal residence) exemption and the qualified agricultural property exemption was December 31 of the prior year (tax day). **However, PA 247 of 2003 has changed the status day for these exemptions BACK to May 1 of the year of the exemption. For the 2004 tax year, a parcel's eligibility for the homestead (homeowner's principal residence) exemption and the qualified agricultural property exemption shall be determined as of May 1, 2004, NOT December 31, 2003.** May 1 is the same status date that was used for these exemptions in 2003 and prior years. In 2005 and subsequent years, the status date for these exemptions will also be May 1 of the year of the exemption.

PA 247 of 2003 also changed certain mandatory language on the assessment notice forms (L-4400 and L-4400LH). The following language shall be included on all assessment notice forms sent in 2004 and subsequent tax years:

If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit before May 1.

This is essentially the same mandatory language required to be included on assessment notice forms in prior years, except that the word "homestead" has been replaced by the words "principal residence" to reflect the change in the name of this exemption (which became effective January 1, 2004).

**IMPORTANT NOTE:** The versions of forms L-4400 and L-4400LH for 2004 that were included with State Tax Commission Bulletin No. 13 of 2003 are now **INCORRECT** because these forms **DO NOT** contain the mandatory language discussed above. The versions of forms L-4400 and L-4400LH included with State Tax Commission Bulletin No. 13 of 2003 are **TO BE DISREGARDED**. Copies of forms L-4400 and L-4400LH, which have been revised to meet the requirements of PA 247 of 2003, are attached to this bulletin. These revised forms are the 2004 model Notices of Assessment, Taxable Valuation, and Property Classification. The attached forms contain the correct mandatory language discussed above and replace the versions of these forms previously provided. See State Tax Commission Bulletin No. 13 of 2003 for additional information regarding these forms.

**IMPORTANT NOTE:** Paragraphs C and E of State Tax Commission Bulletin No. 9 of 2003 discussed the change in the status date for the homestead (homeowner's principal residence)

exemption and the qualified agricultural property exemption from May 1 to December 31 and the change in the mandatory language to be included on forms L-4400 and L-4400LH. These paragraphs of State Tax Commission Bulletin No. 9 of 2003 are superceded by this bulletin and are to be disregarded. Notes have been placed on those parts of STC Bulletin 9 of 2003 which are changed due to the provisions of PA 247 of 2003. The corrected version of STC Bulletin 9 of 2003 can be found on the State Tax Commission Web site at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). When you reach the site, click on **Local Government** and then click on **State Tax Commission**.

**IMPORTANT NOTE:** The change in the status day for the homestead (homeowner's principal residence) exemption and the qualified agricultural property exemption discussed in this bulletin **DOES NOT** affect the several other recent changes involving these exemptions which were discussed in State Tax Commission Bulletin No. 9 of 2003. Except for paragraphs C and E, State Tax Commission Bulletin No. 9 of 2003 is unaffected by PA 247 of 2003. Specifically, the homestead exemption will still be known as the homeowner's principal residence exemption effective January 1, 2004. Documents and/or forms containing the term "homestead exemption" shall still be changed to "homeowner's principal residence exemption" starting in 2004. The State Tax Commission also still requires that, beginning in 2004, assessors shall indicate on the assessment roll, the tax roll, the tax bills, and the Request of Taxable Valuation (form L-4046) whether a parcel of property is receiving the homeowner's principal residence exemption or the qualified agricultural property exemption so that a reader of these documents can determine which exemption (if any) the parcel is receiving. The change in status day for these two exemptions which is discussed in this bulletin also does not affect the change in appeal procedures for the denial of a homestead (homeowner's principal residence) exemption which is discussed in State Tax Commission Bulletin No. 9 of 2003.

**IMPORTANT NOTE:** The 2004 Tax Calendar (STC Bulletin 12 of 2003) has been changed to reflect the change in status day for the Homeowner's Principal Residence Exemption and the Qualified Agricultural Property Exemption from December 31, 2003 to May 1, 2004. You may wish to access the amended Tax Calendar on the State Tax Commission Web site located at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). When you reach the site, click on **Local Government** and then click on **State Tax Commission**.

### **B. Change in the Appeal Procedure when a Homeowner's Principal Residence Exemption is Denied Due to a Rescission**

Michigan Compiled Law (MCL) 211.7cc(15) provides that, when an owner of property files an affidavit for a homeowner's principal residence exemption, that filing rescinds all previous homeowner's principal residence exemptions filed by that owner.

The Michigan Department of Treasury is required by law to notify an assessor when a rescission of the homeowner's principal residence exemption of a property located in his/her assessment unit has occurred. The assessor is then required by law to remove the homeowner's principal residence exemption effective December 31 of the year in which the affidavit that rescinded the exemption was filed. PA 247 of 2003 states that, for any (prior) year that the rescinded exemption was not removed from the tax roll, the exemption shall be denied.

**In the past**, MCL 211.7cc provided that an owner of property for which an exemption had been rescinded could appeal that rescission to the July or December Board of Review for the year in which the exemption was rescinded and in the immediately succeeding year. **THIS APPEAL PROCEDURE HAS CHANGED.**

**Due to PA 247 of 2003, effective December 29, 2003**, an owner may appeal a denial of a Homeowner's Principal Residence Exemption due to a rescission to the **Small Claims Division of the Michigan Tax Tribunal** within 35 days after the date of the notice of denial.

**IMPORTANT NOTE:** Notes have been placed on those parts of STC Bulletin 12 of 1997 which are changed due to the provisions of PA 247 of 2003. The corrected version of STC Bulletin 12 of 1997 can be found on the State Tax Commission Web site located at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). When you reach the site, click on **Local Government** and then click on **State Tax Commission**.

**C. Penalty and Interest on Certain Personal Property Tax Bills Increased by the State Tax Commission under the Authority of MCL 211.154**

**In the past**, when a personal property assessment was increased by the State Tax Commission under the authority of MCL 211.154 because personal property was omitted or incorrectly reported, penalty and interest were NOT added for the tax years prior to the current year.

**Effective December 30, 2003**, PA 247 of 2003 provides that personal property tax bills increased by the State Tax Commission under the authority of MCL 211.154 shall include penalty and interest if the original bills have already gone delinquent. Even if the original bill for taxes was paid timely, the increased bill for omitted or incorrectly reported property could include penalty and interest. The rate for penalty and interest is 1.25 percent per month or fraction of a month from the last date the taxes originally could have been paid without interest or penalty. **SEE PARAGRAPH D BELOW FOR AN EXCEPTION TO THE ABOVE.**

If the tax bill has not been paid within 60 days after the corrected tax bill is issued, additional interest shall begin to accrue at the rate of 1.25 percent per month or fraction of a month. See MCL 211.154(5) regarding the disbursement of interest collected under the provisions of the law discussed above.

**IMPORTANT NOTE:** The penalty and interest discussed in paragraph C of this bulletin applies only to increased **personal property** assessments, NOT to increased **real property** assessments. The law does not provide for penalty and interest on real property assessments increased by the State Tax Commission under the authority of MCL 211.154.

**D. Amnesty Period for Penalty and Interest on Omitted or Incorrectly Reported Personal Property**

PA 247 of 2003 provides that the penalty and interest of 1.25 percent per month SHALL NOT APPLY to increased personal property assessments provided ALL of the following apply:

- 1) A person requests that the State Tax Commission increase his/her assessment due to omitted or incorrectly reported property before March 1, 2004, AND
- 2) The increased assessment is for an assessment year prior to the 2004 assessment year, AND
- 3) The corrected tax bill for the increased taxes is paid within 30 days after the corrected tax bill is issued.

RESCINDED