



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: June 5, 2018
TO: Assessors and Equalization Directors
FROM: State Tax Commission
RE: Changes in the Principal Residence Exemption Statute

Public Act 133 of 2018 was signed into law on May 3, 2018. The Act amended the General Property Tax Act to remove a requirement that a property must be unoccupied in order for an individual who resides in a nursing home or assisted living facility to continue to claim a principal residence exemption (PRE) on the property. It also allows the exemption to continue for a situation in which the individual is residing in “any other location,” as long as the individual is residing there solely for purposes of convalescence.

Convalescence is a state of recovering from a disease, operation, or injury. A convalescent is a person in that state. A convalescent may choose to be cared for at home or a relative’s home rather than in a nursing home or assisted living center. For example, a person who has just had a stroke and who is recovering and rehabilitating at a relative’s home is an example of a convalescent.

Therefore, as of May 2, 2018, an owner who previously occupied a property as his or her principal residence but presently resides in a nursing home, an assisted living facility, or another location solely for purposes of convalescence, may retain the exemption if he or she manifests an intent to return to the property by *satisfying all of the following conditions*:

- a) The owner continues to own the property while residing in the nursing home, assisted living facility, or other location.
- b) The owner has not established a new principal residence.
- c) The owner maintains or provides for the maintenance of the property while residing in the nursing home, assisted living facility, or other location for the purposes of convalescence, and
- d) The property is not leased and is not used for any business or commercial purpose.

Assessors are instructed that the burden of proof is on the taxpayer to prove the eligibility requirements to retain the PRE in these circumstances. Assessors should deny the PRE if the owner does not provide evidence that he or she is recovering from a serious illness or surgery. The assessor should deny the PRE if a non-owner occupant is residing at the property and paying for the utilities, maintenance of the property, or any other consideration to reside at the property while the owner is absent, since these are forms of rent.

For further information regarding Public Act 133 of 2018, please visit www.michigan.gov/PRE. If you have questions, please contact the PRE Unit at (517) 373-1950 or at PTE-Section@michigan.gov.