



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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BULLETIN NO. 9
October 8, 2003
Changes to the Homestead
Exemption and the
Qualified Agricultural
Property Exemption

DATE: October 8, 2003

TO: Assessors
Equalization Directors

FROM: State Tax Commission (STC)

SUBJECT: **Changes to the Homestead Exemption and the Qualified Agricultural Property Exemption as Required by Public Act 105 of 2003 and Public Act 140 of 2003**

Public Act (PA) 105 of 2003 was signed by Governor Granholm on July 24, 2003 with an effective date of July 24, 2003.

PA 140 of 2003 was signed by Governor Granholm on July 31, 2003 with an effective date of January 1, 2004.

These laws make various changes to the administration of the Homestead Exemption and the Qualified Agricultural Property Exemption both of which are exemptions from the 18 mills of local school operating tax.

This bulletin will address changes in the administration of these exemptions under the following headings:

- A) **Name Change from Homestead Exemption to Homeowner's Principal Residence Exemption**
- B) **Requirement to Use the Name *QUALIFIED AGRICULTURAL PROPERTY EXEMPTION* on Certain Forms and Documents**
- C) **Change in Status Day for The Homestead (Homeowner's Principal Residence) Exemption and the Qualified Agricultural Property Exemption From May 1 to December 31**

D) Change in Appeal Procedures for the Homestead (Homeowner's Principal Residence) Exemption

E) New Mandatory Language Required on the Assessment Notice Forms (STC Forms L-4400 and L-4400LH)

IMPORTANT NOTE: This bulletin does NOT address the administration of the Homestead Exemption (soon to be called the Homeowner's Principal Residence Exemption) or the provisions of PA 105 of 2003 which allow assessors, equalization directors, and county treasurers to audit the Homestead (Homeowner's Principal Residence) Exemption. These are matters which will be addressed by the Homestead Exemption Section of the Michigan Department of Treasury.

A) Name Change from Homestead Exemption to Homeowner's Principal Residence Exemption

PA 140 of 2003 provides that, effective January 1, 2004, the word **Homestead** has been removed from the exemption statutes and has been replaced by the words **Principal Residence**. While P.A. 140 of 2003 uses the words **Principal Residence**, the exemption will be known as the **Homeowner's Principal Residence Exemption** so that a renter does not mistakenly file for the exemption.

The following are some documents and/or forms where the term "Homestead Exemption" shall be changed to "Homeowner's Principal Residence Exemption" starting in 2004:

- 1) The Assessment Roll
- 2) The Tax Roll
- 3) The Tax Bills
- 4) STC Form L-4400, Notice of Assessment, Taxable Valuation, and Property Classification
- 5) STC Form L-4400LH, Notice of Assessment, Taxable Valuation (including Leasehold Improvements), and Property Classification
- 6) STC Form L-4035, Petition to Board of Review
- 7) STC Form L-4054, Assessor Affidavit Regarding Uncapping of Taxable Value
- 8) STC Form L-4046, Report of Taxable Valuation

NOTE: PA 140 of 2003 will cause the Department of Treasury to change the name of its Homestead Exemption Forms to Homeowner's Principal Residence Exemption Forms. The Homestead Exemption Section of the Department of Treasury will notify you regarding these changes.

B) Requirement to Use the Name *Qualified Agricultural Property Exemption* on Certain Forms and Documents

In the past, it has been the practice of assessors to label properties which have the Qualified Agricultural Property Exemption as having the Homestead Exemption. The result has been that

people who view the assessment roll or the tax roll or their tax bills cannot determine whether a property is receiving the Homestead Exemption or the Qualified Agricultural Property Exemption. It is important to make this distinction because there are different criteria to qualify for each exemption and different appeal procedures for each. Also, the Department of Treasury provides guidance regarding the Homestead Exemption while the State Tax Commission provides guidance regarding the Qualified Agricultural Property Exemption.

Starting in 2004, the State Tax Commission requires that assessors shall indicate on the following documents 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 property is receiving:

- 1) The Assessment Roll
- 2) The Tax Roll
- 3) The Tax Bills
- 4) Request of Taxable Valuation – STC Form L-4046.

The STC recommends that the 2004 Assessment Notice Forms (STC Form L-4400 and STC Form L-4400LH) also indicate whether a parcel of property qualifies for the Homeowner's Principal Residence Exemption or the Qualified Agricultural Property Exemption.

C) Change in Status Day for The Homestead (Homeowner's Principal Residence) Exemption and the Qualified Agricultural Property Exemption From May 1 to December 31

In the past, the status day for determining whether a property qualified for the Homestead Exemption or the Qualified Agricultural Property Exemption was May 1 of the year of the exemption.

Starting in assessment year 2004, PA 105 of 2003 provides that the status day for the Homestead (Homeowner's Principal Residence) Exemption and the Qualified Agricultural Property Exemption is December 31 of the prior year. This means that, for 2004 assessments, the status day for these exemptions is December 31, 2003. This change makes the status day for the Homestead (Homeowner's Principal Residence) Exemption and the Qualified Agricultural Property Exemption the same as for other exemptions.

D) Change in Appeal Procedures for the Homestead (Homeowner's Principal Residence) Exemption

In the past, an assessor could deny a new or existing homestead exemption for the current year only and an owner could appeal the denial within 35 days to the Michigan Department of Treasury.

Starting July 24, 2003, an assessor may deny a Homestead (Homeowner's Principal Residence) Exemption for the current year **and for the 3 immediately preceding calendar years**. An

owner may appeal a denial to the **Small Claims Division of the Michigan Tax Tribunal**, NOT the Department of Treasury, within 35 days after the date of the notice of denial.

IMPORTANT NOTE: There have been no changes to the appeal procedures for the Qualified Agricultural Property Exemption. Please see STC Bulletin 2 of 2003 for a summary of the appeal procedures for the Qualified Agricultural Property Exemption.

Note: This bulletin does not address the provisions of PA 105 of 2003 which permit a County Equalization Director or a County Treasurer to deny Homestead (Homeowner's Principal Residence) Exemptions.

E) New Mandatory Language Required on the Assessment Notice Forms (STC Forms L-4400 and L-4400LH)

In the past, the following statement was required to be on the Assessment Notice Form:

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

Starting in 2004, this statement has been changed to recognize the name change from Homestead Exemption to Principal Residence Exemption and to recognize the change in exemption status day from May 1 to December 31. The following statement shall appear on the Assessment Notice Form starting in 2004:

If you purchased your principal residence after December 31 last year, to claim the principal residence exemption for next year, if you have not already done so, you are required to file an affidavit on or before December 31 this year.