



HOUSE BILL No. 5706

March 26, 1996, Introduced by Reps. Gustafson, Perricone, Bullard, Whyman, Goschka, Munsell and Dobb and referred to the Committee on Tax Policy.

A bill to amend section 7dd of Act No. 206 of the Public Acts of 1893, entitled as amended "The general property tax act," as added by Act No. 237 of the Public Acts of 1994, being section 211.7dd of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 7dd of Act No. 206 of the Public Acts of
2 1893, as added by Act No. 237 of the Public Acts of 1994, being
3 section 211.7dd of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 7dd. As used in sections 7cc and 7ee:

6 (a) "Homestead" means that portion of a dwelling or unit in
7 a multiple-unit dwelling that is subject to ad valorem taxes and
8 is owned and occupied as a principal residence by an owner of the
9 dwelling or unit. Homestead also includes all of an owner's

1 unoccupied property classified as residential that is adjoining
2 or contiguous to the dwelling subject to ad valorem taxes and
3 that is owned and occupied as a principal residence by the
4 owner. Contiguity is not broken by a road or a right-of-way.
5 Homestead also includes any portion of a principal residence of
6 an owner that is rented or leased to another person as a resi-
7 dence as long as that portion of the principal residence that is
8 rented or leased is less than 50% of the total square footage of
9 living space in that principal residence. Homestead also
10 includes a life care facility registered under the living care
11 disclosure act, Act No. 440 of the Public Acts of 1976, being
12 sections 554.801 to 554.844 of the Michigan Compiled Laws.
13 Homestead also includes property owned by a cooperative housing
14 corporation and occupied as a principal residence by A tenant
15 ~~stockholders~~ OWNER.

16 (b) "Owner" means a person who is 1 of the following:

17 (i) A person who owns property or who is purchasing property
18 under a land contract.

19 (ii) A person who is a partial owner of property.

20 (iii) A person who owns property as a result of being a ben-
21 eficiary of a will or trust or as a result of intestate
22 succession.

23 (iv) A person who owns or is purchasing a dwelling on leased
24 land.

25 (v) A person holding a life lease in property previously
26 sold or transferred to another.

1 (vi) A grantor who has placed the property in a revocable
2 trust or a qualified personal residence trust.

3 (c) "Person", for purposes of defining owner as used in
4 section 7cc, means an individual and for purposes of defining
5 owner as used in section 7ee means an individual, partnership,
6 corporation, limited liability company, association, or other
7 legal entity.

8 (d) "Principal residence" means the 1 place where a person
9 has his or her true, fixed, and permanent home to which, whenever
10 absent, he or she intends to return and that shall continue as a
11 principal residence until another principal residence is
12 established.

13 (e) "Qualified agricultural property" means unoccupied prop-
14 erty and related buildings classified as agricultural, or other
15 unoccupied property and related buildings located on that prop-
16 erty devoted primarily to agricultural use as defined in section
17 ~~2~~ 36101 of ~~the~~ PART 361 (farmland and open space
18 preservation) OF THE NATURAL RESOURCES AND ENVIRONMENTAL
19 PROTECTION act, Act No. ~~116~~ 451 of the Public Acts of ~~1974~~
20 1994, being section ~~554.702~~ 324.36101 of the Michigan Compiled
21 Laws. Related buildings include a residence occupied by a person
22 employed in or actively involved in the agricultural use and who
23 has not claimed a homestead exemption on other property.
24 Property used for commercial storage, commercial processing, com-
25 mercial distribution, commercial marketing, or commercial ship-
26 ping operations or other commercial or industrial purposes is not
27 qualified agricultural property. A parcel of property is devoted

1 primarily to agricultural use only if more than 50% of the
2 parcel's acreage is devoted to agricultural use. An owner shall
3 not receive an exemption for that portion of the total state
4 equalized valuation of the property that is used for a commercial
5 or industrial purpose or that is a residence that is not a
6 related building.