County of Leelanau

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*Leelanau County Treasurer*

**Guidelines for the Michigan Principal Residence Exemption Program**

**Below are a select few questions and answers about P.R.E.’s. To view the entire Guideline visit www.michigan.gov/PRE**

**Chapter 1 Filing Deadlines**

**Is there a filing deadline to request a principal residence exemption?**

Yes. There are two deadlines by which a Principal Residence Exemption may be filed. The deadlines for a property owner to file a “Principal Residence Exemption (PRE) Affidavit” (Form 2368) for taxes are on or before June 1 or on or before November 1.

**Where can I get a Principal Residence Exemption (PRE) Affidavit, Form 2368?**

The Principal Residence Exemption (PRE) Affidavit, Form 2368, and other principal residence exemption forms should be available from your local assessor or at www.michigan.gov/PRE.

**Chapter 2 Residency**

**Who is a Michigan resident?**

You are a Michigan resident if Michigan is your permanent home. Your permanent home is the place you intend to return to whenever you go away. A temporary absence from Michigan, such as spending the winter in another state, does not make you a part-year resident. **(\*\*A)**

**What determines principal residence?**

Michigan law defines principal residence as the one place where a person has his or her true, fixed, and permanent home to which, whenever absent he or she intends to return and that shall continue as a principal residence until another principal residence is established. In order to verify a person’s claim that a particular property is a principal residence, the Department of Treasury will accept various documents that, taken together, establish that the person or persons filing the claim occupy the property as a principal residence. Examples include driver’s license, voter registration card, cancelled checks listing the property address, statements such as medical, bank or charge accounts, income tax records indicating the mailing address and insurance policies. No one of these factors taken alone is controlling over any other factor. **(##B)**

**I have a home in Michigan and one in another state. May I claim an exemption on my Michigan home?**

You may claim the principal residence exemption if you meet all of the criteria below:

**A**. You are a resident of the State of Michigan (***see \*\*****)*.

**B.** You own and occupy the home as your principal residence (***see ##*).**

C. Neither you, nor your spouse if you file a joint income tax return, receive an exemption, deduction, or credit substantially similar to the Michigan principal residence exemption on property you own in another state.

D. You have not filed a non-resident Michigan income tax return.

E. You have not filed a tax return as a resident of another state.

**I temporarily work and live outside Michigan (e.g. teaching sabbatical, military assignment), but remain a Michigan resident and own a home in Michigan. May I claim an exemption on my Michigan home?**

Yes, if you intend to return to the property as a principal residence and do not rent the home to another person.

**Chapter 3 Ownership**

**My children own my home, but I hold a life estate. May I claim the exemption?**

Yes. Complete a Principal Residence Exemption (PRE) Affidavit, Form 2368 using your name, address, social security number and signature. Your children should not sign the Principal Residence Exemption (PRE) Affidavit, Form 2368*.*

**I am a senior citizen living in my home. I sold my home to my daughter and did not keep a life estate, but we have a verbal agreement that I may remain here until I die or choose to leave. May I claim my home?**

No. Any ownership interest must be in writing to be valid. For principal residence exemption purposes, a notarized or recorded agreement helps ensure that the ownership interest was timely created and not predated following an audit of a person’s principal residence exemption. However, by law, the agreement does not need to be notarized or recorded.

**Chapter 4 Qualified Principal Residence Property**

**I own the lot adjoining and contiguous to my home. It has a different property identification number than the parcel on which my principal residence is located. May I also claim an exemption on this property?**

You may claim an exemption on this property as long as the property claimed is adjoining or contiguous to your home. It must also be classified residential or timber cutover and be unoccupied. A road does not break contiguity. File a Principal Residence Exemption (PRE) Affidavit, Form 2368 for each parcel.

**I live in a nursing home or an assisted living facility but still maintain a home. May I claim an exemption on the home I own?**

In accordance with MCL 211.7cc (5), an owner who previously occupied the property as his or her principal residence but presently resides in a nursing home or assisted living facility may retain the exemption if he or she manifested 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 or assisted living facility, 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 or assisted living facility, and d). The property is not occupied, is not for sale, is not leased, and is not used for any business or commercial purpose.

**Chapter 9 Rescinding an Exemption**

**What is a rescission? When is the exemption removed from the tax roll?**

The parcel qualified for exemption but has now been sold or the use of the property has changed. The exemption is removed from the tax roll on December 31 of the year in which the change or sale took place.

**When a divorce occurs, do new principal residence exemption forms have to be filed?**

As long as one of the owners still occupies the home as their principal residence, and the original affidavit was filed jointly, the property will still qualify. The owner who no longer owns the property should file a rescission form using their information.

**Chapter 10 Denials**

**What years may be denied using a Notice of Denial (Form 2742 or 4075)?**

Counties that have opted-in with the Department of Treasury and local units may issue denials for the current year and three immediately preceding years.

**If an assessor does a local unit denial, can he/she withdraw the denial?**

No. Once a denial has been sent to the taxpayer, the only way to overturn the denial is through the appeals process with the Michigan Tax Tribunal.

The local unit may appeal to the Michigan Tax

Tribunal on the taxpayer’s behalf.

**Chapter 11 Denial Appeals**

**If my exemption is denied, may I appeal the decision?**

Yes. If the Department of Treasury denies your principal residence exemption, you may request an informal hearing with the Department of Treasury, Hearings Division within 35 days of the denial. If the Hearings Division upholds the denial, you may appeal to the Residential/Small Claims Division of the Michigan Tax Tribunal within 35 days of Treasury’s Final Decision. If the county or local unit denies your principal residence exemption, you may appeal to the Residential/Small Claims Division of the Michigan Tax Tribunal within 35 days of the denial.

**If I request a hearing from the Department of Treasury or the Michigan Tax Tribunal, does that extend the period of time in which I may pay my corrected tax bill with no penalty or interest?**

No. A request for hearing does not extend your payment period for any supplemental taxes. In addition, interest continues to accrue during the appeal process.

**Chapter 14 Administrative Issues**

**Do county treasurers or county equalization directors have the authority to deny principal residence exemptions?**

Yes. Counties that have opted to audit their own principal residence exemptions have the authority to deny principal residence exemption claims for the current year and the three immediately preceding years.

**Chapter 15 Other Questions**

**How will the principal residence exemption affect my homestead property tax credit claim?**

This program is separate from the Homestead property tax credit claim (Form MI-1040CR or MI-1040CR-2) filed with your state income tax return. **Do not** file the Principal Residence Exemption (PRE) Affidavit, Form 2368 with your state income tax return. The exemption affidavit must be filed with your township or city assessor so the property tax rolls can be adjusted properly.

**May I list more than one parcel number on a Principal Residence Exemption (PRE) Affidavit,**

**Form 2368**?

No. A separate form is required for each property.

**How to contact the Principal Residence Exemption Unit:**

Michigan Department of Treasury

Principal Residence Exemption Unit

P.O. Box 30440

Lansing, MI 48909

(517) 373-1950

www.michigan.gov/PRE

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