

STATE TAX COMMISSION
QUALIFIED AGRICULTURAL PROPERTY
EXEMPTION GUIDELINES



Issued by the State Tax Commission August 2018

Table of Contents

What is the Qualified Agricultural Exemption?	2
How does Property Qualify for the Exemption?	2
Definition of Agricultural Use:	3
Ownership	5
Related Buildings	6
Partial Exemptions	7
Other Eligibility Considerations:	9
Denials and Appeals.....	10
Classification Appeals	12
Withdrawals and Rescissions	13

What is the Qualified Agricultural Exemption?

MCL 211.7ee provides for an exemption from certain local school operating taxes, typically up to 18 mills, for parcels that meet the qualified agricultural property definition.

(1) Qualified agricultural property is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, according to the provisions of this section.

Qualified Agricultural Property is further defined in MCL 211.7dd as:

(d) "Qualified agricultural property" means unoccupied property and related buildings classified as agricultural, or other unoccupied property and related buildings located on that property devoted primarily to agricultural use as defined in section 36101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101.

A parcel is qualified agricultural property through one of two ways:

1. Classification of the parcel as agricultural on the current assessment roll **or**
2. Devotion of more than 50% of the acreage of the parcel to agricultural use (described below) as defined by MCL 324.36101.

In addition to the up to 18 mill exemption, a transfer of qualified agricultural property is not considered a transfer of ownership if both of the following are true:

1. The property remains qualified agricultural property after the transfer **AND**
2. The new owner files Form 3676 with the assessor and the register of deeds. This form, available in the appendix, is an affidavit attesting that qualified agricultural property shall remain qualified agricultural property.

How does Property Qualify for the Exemption?

In order to qualify for the exemption, owners of parcels that are not classified agricultural must file an affidavit, Form 2599, claiming the exemption with the local assessor by May 1.

An assessor will use the status of the land on May 1st in making their determination for qualification. In situations where the land may not be actively farmed on May 1, the parcel may still be eligible for the exemption. For example, the land may be intentionally left fallow or the growing season for a crop in some parts of the State may begin after May 1, etc.

Owners of property classified agricultural are not normally required to file the affidavit to obtain the exemption, however an assessor may request that this form be filed to determine if the parcel contains structures that are not exempt as qualified agricultural property.

The percentage of a parcel that is devoted to agricultural use is calculated based on the portion of the parcel's **total acreage**, including any area(s) covered by an easement or right-of-way for road or drain purposes, that is devoted to agricultural use, **not** the portion of the parcel's **tillable acreage** that is devoted to agricultural use.

Example: A 15-acre parcel is classified residential. Of the parcel's 15 acres, 4 acres are tillable and are devoted to an agricultural use. The remaining 11 acres are not devoted to an agricultural use. The parcel is not eligible for the qualified agricultural property exemption since the parcel is not classified agricultural and only 26.7 percent of the parcel is devoted to a defined agricultural use, even though 100.0 percent of the tillable acreage of the parcel is devoted to a defined agricultural use.

Definition of Agricultural Use:

The definition of "agricultural use" is contained in MCL 324.36101:

"Agricultural use" means the production of plants and animals useful to humans, including forages and sod crops; grains, feed crops, and field crops; dairy and dairy products; poultry and poultry products; livestock, including breeding and grazing of cattle, swine, captive cervidae, and similar animals; berries; herbs; flowers; seeds; grasses; nursery stock; fruits; vegetables; Christmas trees; and other similar uses and activities. Agricultural use includes use in a federal acreage set-aside program or a federal conservation reserve program. Agricultural use does not include the management and harvesting of a woodlot.

Note: The definition of "agricultural use" is not to be used in determining a parcel's classification. Similarly, the definition for classification contained in MCL 211.34c is not to be used in determining whether a parcel is devoted primarily to agricultural use for the qualified agricultural exemption.

Let's review some of the specific provisions of the definition of agricultural use:

- In the definition of "agricultural use" what is meant by "captive cervidae"? Captive Cervidae are a group of animals including deer, reindeer, moose, and elk that are held in captivity. The breeding and grazing of captive cervidae includes farms where cervidae are held and raised for the same or similar purposes as are customary in the breeding and grazing of other animals such as cattle.

- What are the specifics of the statute related to raising horses, training horses and boarding horses? Property devoted to the production of animals useful to humans meets this definition of “agricultural use”. This can include boarding horses, raising horses for sale and training horses.

Raising horses for sale can take many forms, including horses that are raised and trained for sale as race horses or horses that are raised and sold to others for their personal use (for riding, etc.). For example: A 60-acre parcel is classified residential. This parcel is improved with a stable, corrals for horses, and a banked dirt race track with no other improvements on the parcel. All 60 acres of the parcel are used to raise the parcel owner’s horses and train them to be race horses. This property would qualify for the exemption under the part of the definition related to the production of animals useful to humans.

- How is timber harvest treated compared to harvesting Christmas trees or ornamental trees used in landscaping? Growing and harvesting Christmas trees is specifically defined in the law as an agricultural use. The same can be said for property devoted to the production of ornamental trees and other nursery and bedding plants (including the greenhouses used to grow these plants). However, property, including greenhouses, used primarily to sell or market plants is not entitled to the qualified agricultural property exemption because the retail sale of plants is a commercial activity.

Regarding timber harvest, the definition of agricultural use specifically indicates: “...Agricultural use does not include the management and harvesting of a Woodlot.”

- How are maple syrup operations treated? The agricultural use definition under MCL 324.36101 now includes the harvesting of sap for maple syrup production. However, the processing of sap into maple syrup is not an agricultural operation.
- Agricultural use includes use in a federal acreage set-aside program or a federal conservation reserve program, what types of programs are included and what does this mean? Generally speaking, these programs pay property owners not to farm (although some such programs do allow continued farming of the enrolled property).

Under these programs, the owners may also be required to plant ground covers, thin trees, enhance wetlands, develop wildlife habitat, etc. If property is enrolled in a federal acreage set-aside program or a CRP, the owner will have a contract for a specific number of acres. Assessor’s should ask for a copy of the contract to determine how many acres are enrolled in these programs and if the contract is still active.

Land covered by a Farmland Development Rights Agreement (PA 116 Land) are not automatically eligible for the exemption. Under these agreements, a temporary restriction on the land is established between the State and a landowner (voluntarily entered into by the landowner). The objective of the restriction is to preserve the land for agriculture, in exchange for certain (income) tax benefits and exemption from various special assessments.

Often the parcels covered by these agreements are considered to be devoted to an agricultural use. However, the fact that land is enrolled in a PA 116 agreement is not the determining factor whether the land is devoted to an agricultural use. Rather, it is the **actual use of the property** that is relevant in making this determination. If property is covered by a Farmland Development Rights Agreement, but no agricultural use exists, then the property would not be eligible for the exemption.

Ownership

MCL 211.7dd(a) defines “owner” for the purposes of the qualified agricultural exemption as any of the following:

- (i) A person who owns property or who is purchasing property under a land contract.
- (ii) A person who is a partial owner of property.
- (iii) A person who owns property as a result of being a beneficiary of a will or trust or as a result of intestate succession.
- (iv) A person who owns or is purchasing a dwelling on leased land.
- (v) A person holding a life lease in property previously sold or transferred to another.
- (vi) A grantor who has placed the property in a revocable trust or a qualified personal residence trust.
- (vii) The sole present beneficiary of a trust if the trust purchased or acquired the property as a principal residence for the sole present beneficiary of the trust, and the sole present beneficiary of the trust is totally and permanently disabled. As used in this subparagraph, "totally and permanently disabled" means disability as defined in section 216 of title II of the social security act, 42 USC 416, without regard as to whether the sole present beneficiary of the trust has reached the age of retirement.
- (viii) A cooperative housing corporation.
- (ix) A facility as defined by former 1976 PA 440 and registered under the continuing care community disclosure act, 2014 PA 448, MCL 554.901 to 554.993.

Related Buildings

MCL 211.7dd(d) defines qualified agricultural property as:

"Qualified agricultural property" means unoccupied property and related buildings classified as agricultural, or other unoccupied property **and related buildings located on that property devoted primarily to agricultural use** as defined in section 36101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101. **Related buildings include a residence occupied by a person employed in or actively involved in the agricultural use and who has not claimed a principal residence exemption on other property.**

Related buildings are structures on a parcel that are, in some way, part of the agricultural operation or use on that parcel. Examples of related buildings can include barns, sheds, poultry houses, etc. Additionally, related buildings are defined in the law to include a residence occupied by a person employed in or actively involved in the parcel's agricultural use and who has not claimed the homeowner's principal residence exemption on other property.

MCL 211.7dd(d) further states:

Property used for commercial storage, commercial processing, commercial distribution, commercial marketing, or commercial shipping operations or other commercial or industrial purposes is not qualified agricultural property.

Therefore, buildings of any type (or land) used for commercial or industrial purposes **are not** qualified agricultural property and **are not** entitled to the qualified agricultural property exemption. This is true even if the parcel containing the buildings is classified agricultural on the assessment roll and even if more than half the parcel's acreage is devoted to an agricultural use as defined by law. Commercial purposes include, but are not limited to, commercial storage, commercial processing, commercial distribution, commercial marketing, and commercial shipping operations.

Some specific examples:

1. An unoccupied house is located on a 160-acre parcel classified agricultural on the assessment roll. Of the 160 acres, 158 are farmed. The house is on the other 2 acres.

The parcel is entitled to the qualified agricultural property exemption because it is classified agricultural by the assessor on the assessment roll. However, for a residence to be a related building and be entitled to the qualified agricultural property exemption, the residence **must**

be occupied by someone employed in or actively involved in the farming operation who has not claimed a homeowner's principal residence exemption on other property. Because this house is not occupied, it is not a related building and not entitled to the qualified agricultural property exemption. In this case, the parcel would be entitled to a partial exemption.

Other examples where buildings would not qualify include: a house rented to someone who is not employed in or not actively involved in the farming operation; or a house occupied by someone (including the owner) employed in or actively involved in the farming use but who has claimed a homeowner's principal residence exemption on other property.

2. A house is located on a 1/2 acre parcel, not classified agricultural with no agricultural use. The owner of the parcel owns and operates a 40 acre farming operation adjacent to the 1/2 acre parcel. The house is occupied by the owner of the farm and they have not claimed a principal residence exemption on the home. Is the 1/2-acre parcel eligible for the qualified agricultural property exemption?

No. The qualified agricultural property exemption is decided on a parcel-by-parcel basis. To be eligible for the qualified agricultural property exemption, a structure must be a related building and must be located on a parcel that is classified agricultural or that is devoted primarily to agricultural use. However, the 1/2 acre parcel may qualify for the principal residence exemption.

3. Is a barn located on a parcel that is classified agricultural on the assessment roll (or located on a parcel that is devoted primarily to agricultural use) entitled to the qualified agricultural property exemption if the barn is not devoted at all to an agricultural use?

No. For a barn or other related building to be entitled to the qualified agricultural property exemption, that related building must itself be devoted primarily to an agricultural use.

Partial Exemptions

Partial exemptions are provided in situations where the property is classified agricultural and there is a commercial building or unrelated building on the property or in situations where the property is devoted primarily to agricultural use but has a commercial building or unrelated building.

If a parcel has a commercial marketing operation or a barn used for commercial storage on it, but otherwise qualifies for the exemption, the parcel would receive a partial qualified agricultural property exemption. The portion of the parcel's total state equalized valuation (SEV) related to the property that is used for the commercial marketing operation or the barn used for commercial storage is not entitled to the qualified agricultural property exemption.

In these situations, the partial exemption percentage is determined based on the SEV of the portion of the parcel entitled to the exemption in relation to the SEV of the entire parcel. The percentage of the exemption is **not** based on the **size (i.e., area)** of the portion of the parcel entitled to the exemption; it is based on value.

Example: 38 acres of a 40-acre parcel classified agricultural by the assessor is farmed. The only improvement to the parcel is a structure on the remaining 2 acres that is used seasonally to sell produce. The total SEV for the parcel is \$42,000, with the structure and 2 acres having an SEV of \$8,000. The parcel is entitled to a qualified agricultural property exemption because it is classified agricultural, however it is entitled only to a partial exemption because a portion of the parcel is devoted to a commercial marketing operation. The partial qualified agricultural property exemption is 81%: \$8,000 SEV of the commercial marketing operation property ÷ \$42,000 total SEV of the parcel = 19% subtracted from 100%.

This same calculation method would be used for a parcel that has a residence on it that is not a related building.

The State Tax Commission (STC) has determined that property receiving the homeowner's principal residence exemption **cannot** also be qualified agricultural property. It is the opinion of the STC that the homeowner's principal residence exemption takes priority over the qualified agricultural property exemption.

Although property that has been granted a principal residence exemption cannot also receive the qualified agricultural property exemption, it is possible, but very unusual, for the property to receive a *partial* principal residence exemption and a *partial* qualified agricultural property exemption. The portion of the parcel which otherwise qualifies for the qualified agricultural property exemption and is not receiving the principal residence exemption can receive the qualified agricultural property exemption.

Example: A 40-acre parcel is classified residential. The parcel is improved with a house that is occupied by the owner. 30 acres of the parcel are unimproved and rented by the owner to someone who farms the 30 acres. The parcel has been granted a partial homeowner's principal residence exemption because the 30 acres are rented. Under these circumstances, the owner can also claim a partial qualified agricultural property exemption for the parcel since more than 50 percent of the parcel's acreage is devoted to an agricultural use. The portion of the property receiving the homeowner's principal residence exemption (the house and the front 10 acres) is not entitled to the qualified agricultural property exemption. The partial qualified agricultural property exemption would be determined based on the value of the property entitled to the exemption (the rear 30 acres) compared to the value of the entire parcel.

The presence of a cell tower site (or an oil or gas well) on a parcel will affect the parcel's eligibility for the qualified agricultural property exemption even if the cell tower (or the oil or gas well) only occupies a small portion of the parcel. Any part of property no matter how small a portion of a parcel that is devoted to a commercial or industrial use, is **not** entitled to the qualified agricultural property exemption. If a farm parcel with a cell tower site on it (or an oil or gas well on it) otherwise qualifies for the qualified agricultural property exemption, the parcel would receive a partial qualified agricultural property exemption. The exemption would not be applied to the value of the portion of the property (including any access road, etc.) devoted to the cell tower (or the oil or gas well).

Other Eligibility Considerations:

The fact that farmland is rented by the owner is generally not a consideration in determining a parcel's eligibility for the qualified agricultural property exemption. Additionally, the fact that the house on a parcel is rented to a farmhand is not a consideration in determining the parcel's eligibility for the exemption. Under the law, for a residence to be qualified agricultural property, the residence must be occupied by someone who is either employed in or actively involved in the agricultural use on the property and who has not claimed a homeowner's principal residence exemption on other property. A house that is rented to a farmhand is considered to be a 'related building'.

The implementation of a wildlife risk mitigation action plan does not affect the qualified agricultural property exemption. MCL 211.7dd specifically indicates that a property shall not lose its status as qualified agricultural property as a result of an owner or lessee implementing a wildlife risk mitigation action plan.

There are no specific parcel size requirements in the definition of "qualified agricultural property". Even very small parcels can be entitled to the qualified agricultural property exemption.

There are no minimum income requirements in the definition of "qualified agricultural property". Even relatively unproductive or unprofitable parcels can be entitled to the qualified agricultural property exemption.

If a parcel is not classified agricultural and a determination must be made of the percentage devoted to agricultural use, the acre-to-animal ratio may be important. The "acre-to-animal ratio" is the number of acres it takes to support 1 of that animal. For example, it may typically take 3 acres to support 1 dairy cow. The acre-to-animal ratio for dairy cows would then be 3 to 1.

Given the number and type of animals involved in a farm operation, the number of acres legitimately needed to support those animals can be determined using acre-to-animal ratio(s). This will allow an accurate determination of the area truly devoted to an agricultural use. The

area of a parcel, if any, that is not needed to support the number of animals on that parcel is not devoted to an agricultural use, even if the excess area is fenced as pasture land (assuming the excess area is not devoted to another agricultural use as defined by law).

Example: An 80-acre parcel is classified residential and is unimproved, with the exception of fencing for pastures and all 80 acres are fenced. Over the last several years, the owner of the property has maintained a herd of 5 dairy cows on the property, with no other animals and no other agricultural use on the property. If the standard acre-to-animal ratio for dairy cattle is 3 acres to every 1 cow, this parcel is not entitled to the qualified agricultural property exemption because it is not classified agricultural and more than half the parcel's acreage is not devoted to an agricultural use. In this case, only 15 of the 80 acres are needed to support the herd of dairy cattle (3 acres needed to support each dairy cow x 5 dairy cows = 15 acres needed to support the dairy herd). Since more than 40 acres of the parcel must be devoted to an agricultural use to be qualified agricultural property the parcel is not entitled to the qualified agricultural property exemption.

There is no rule of thumb standard for the proper acre to animal ratio that can be applied to all types of animals. Reasonable acre to animal ratios likely differ depending upon the type of animal involved, and perhaps the quality of the land involved. For example, dairy cows may have different grazing area requirements than cattle raised for beef. If the number of acres needed to support the animals on a parcel is in question, research should be done through the USDA or other organizations to establish a reasonable acre-to-animal ratio for the type(s) of animal involved and, if necessary, for the type of land involved.

A parcel's eligibility for the qualified agricultural property exemption is determined solely by the characteristics of **that** parcel. A parcel not devoted primarily to agricultural use, cannot receive the qualified agricultural property exemption even if surrounding parcels under the same ownership are devoted primarily to agricultural use or are classified agricultural.

Denials and Appeals

MCL 211.7ee(7) indicates:

If the assessor of the local tax collecting unit believes that the property for which an exemption has been granted is not qualified agricultural property, the assessor may deny or modify an existing exemption by notifying the owner in writing at the time required for providing a notice under section 24c. A taxpayer may appeal the assessor's determination to the board of review meeting under section 30. A decision of the board of review may be appealed to the residential and small claims division of the Michigan tax tribunal.

Therefore, an assessor can deny the qualified agricultural property exemption for the current year only (an assessor may not deny a prior year exemption) in three specific situations:

1. The assessor can deny a claim for a **new** qualified agricultural property exemption. When a property owner files Form 2599 and initially claims a new qualified agricultural property exemption, the assessor must determine whether the parcel is entitled to the qualified agricultural property exemption. If it is not eligible, the assessor can deny (or partially deny) the exemption.
2. The assessor can deny (or partially deny) an **existing** qualified agricultural property exemption when preparing the annual assessment roll, if they believe that a parcel that received the exemption last year is no longer qualified agricultural property.
3. In the opinion of the State Tax Commission, an assessor can deny (or partially deny) an **existing** qualified agricultural property exemption after the close of the March Board of Review, since the status day for this exemption is May 1. For example: last year an unimproved 30-acre parcel planted in soybeans and classified residential, received a qualified agricultural property exemption. At the time the assessment roll was prepared this year, no physical change had occurred on the parcel. Shortly after the close of the March Board of Review, the property owner divides the entire parcel for residential development, site work begins, utilities are extended to the various planned lots, and survey work has begun to put in a private road. It is clear that this parcel is no longer qualified agricultural property and will not be qualified agricultural property on May 1, status day for this exemption. The assessor in this situation should deny the qualified agricultural property exemption for this parcel for the current year.

If an assessor discovers after May 1, a situation where it is clear that a parcel is incorrectly receiving the qualified agricultural property exemption, they have no authority to deny the exemption for the current year; they may only deny the exemption for the next year.

MCL 211.7ee(6) indicates:

An owner of property that is qualified agricultural property on May 1 for which an exemption was not on the tax roll may file an appeal with the July or December Board of Review in the year the exemption was claimed or the immediately succeeding year. An owner of property that is qualified agricultural property on May 1 for which an exemption was denied by the assessor in the year the affidavit was filed, may file an appeal with the July Board of Review for summer taxes or, if there is not a summer levy of school operating taxes, with the December Board of Review.

The way in which the assessor denies a qualified agricultural property exemption for the current year, and the appeal rights depends on the circumstances. *Owners are always notified in writing of the denial.*

1. To deny a **new** claim for a qualified agricultural property exemption the State Tax Commission recommends the assessor deny the exemption by July 1 of the current year and that the owner be notified immediately in writing of the denial, the reason for the denial, and the owner's rights of appeal to the July or December Board of Review. This denial and notification procedure also applies to a partial denial. Appeal of the July or December Board determination is to the Michigan Tax Tribunal within 35 days of the Board of Review action.
2. To deny an **existing** qualified agricultural property exemption when preparing the annual assessment roll, the assessor eliminates the exemption from the assessment roll and notifies the property owner by mailing an assessment change notice at least 10 days before the March Board of Review. This procedure also applies to partial denial or removal. The appeal is to the March Board of Review and then to the Tax Tribunal by July 31.
3. To deny an **existing** qualified agricultural property exemption after the close of the March Board of Review, an assessor denies the exemption and notifies the owner immediately in writing of the denial, the reason for the denial, and the owner's rights of appeal to the July or December Board of Review. This procedure also applies to a partial denial or removal. Appeal of the July or December Board determination is to the Michigan Tax Tribunal within 35 days of the Board of Review action

An owner of property that was qualified agricultural property on May 1 for which an exemption was not on the tax roll may appeal to the July or December Board of Review. July and December boards of review have the power to grant the exemption for the current year (the year in which the appeal is made) and the immediately preceding year—provided the parcel in question otherwise qualified for the exemption for the year(s) involved.

Classification Appeals

If the March Board of Review changes a parcel's classification to agricultural, the assessor must make that change on the assessment roll. The assessor must then consider if, and to what extent, the parcel's new agricultural classification affects the parcel's eligibility for the qualified agricultural property exemption. The change may have no effect at all if the parcel was already receiving this exemption or the homeowner's principal residence exemption.

In addition, the parcel may not be entitled to a 100% qualified agricultural property exemption due to a commercial or industrial use on the parcel or a residence on the parcel that is not a related building, etc. If the classification change affects the parcel's eligibility for the qualified agricultural property exemption, the assessor must change the assessment roll accordingly.

If the STC changes a parcel's classification to agricultural, the assessor must make that change on the assessment roll for the year covered by the determination. The assessor must also consider if, and to what extent, the parcel's new agricultural classification affects the parcel's eligibility for the qualified agricultural property exemption for the year covered by the Commission's determination. The change may have no effect at all if the parcel was already receiving this exemption or the homeowner's principal residence exemption.

In addition, the parcel may not be entitled to a 100% qualified agricultural property exemption due to a commercial or industrial use on the parcel or a residence on the parcel that is not a related building, etc. If the classification change affects the parcel's eligibility for the qualified agricultural property exemption, the assessor must change the assessment roll accordingly. The Treasurer must then issue a refund of any overpayment of taxes for the year covered by the determination.

If an assessor determination or an appeal of a parcel's classification results in a change of classification from agricultural to residential or commercial, etc., that change can cause the parcel to lose the qualified agricultural property exemption. Since agricultural classification makes a parcel eligible for the qualified agricultural property exemption, the change to something other than agricultural could eliminate the parcel's eligibility to receive the qualified agricultural property exemption for the year of the classification change.

Example: A 40-acre parcel has, 15 acres are planted in corn or soybeans with 25 acres a combination of swamp and woods, are not tillable, and are not devoted to an agricultural use and often used for hunting purposes. The assessor changed the classification from agricultural to residential. The property owner appealed the classification to the March Board of Review and then on to the State Tax Commission. The Commission determined the proper classification was residential. As a result of this classification change, the parcel is not entitled to the qualified agricultural property exemption; it is not classified agricultural and is not devoted primarily to an agricultural use, only 15 of the 40 acres, or 37.5 percent, are devoted to an agricultural use.

Withdrawals and Rescissions

Once a parcel is granted the qualified agricultural property exemption, the exemption remains in place until the end of the year in which the property is no longer qualified agricultural property (except in withdrawal and denial situations). Ownership is **not** relevant in determining whether a parcel continues to receive the qualified agricultural property exemption.

A withdrawal of a qualified agricultural property exemption removes the exemption for the year(s) involved, as if the exemption had never been granted and results in additional taxes being billed for the current and/or prior years (please see Bulletin 7 of 2007 in the Appendix for more information). A rescission removes all or a portion of the qualified agricultural property exemption for the next tax year and no additional taxes are billed.

MCL 211.7ee(5) indicates that:

Not more than 90 days after all or a portion of the exempted property is no longer qualified agricultural property, the owner shall rescind the exemption for the applicable portion of the property by filing with the local tax collecting unit a rescission form prescribed by the department of treasury. An owner who fails to file a rescission as required by this subsection is subject to a penalty of \$5.00 per day for each separate failure beginning after the 90 days have elapsed, up to a maximum of \$200.00. This penalty shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be deposited in the state school aid fund established in section 11 of article IX of the state constitution of 1963. This penalty may be waived by the department of treasury.

Not more than 90 days after all or a portion of property is no longer qualified agricultural property, the owner must file a rescission form with the local assessor; Request to Rescind Qualified Agricultural Property Exemption Form 2743.

Note: The Request to Rescind Qualified Agricultural Property Exemption Form 2743 is filed by the property owner and is different from Form 3677 the Notice of Intent to Rescind the Qualified Agricultural Property Exemption. Form 3677 is filed by the prospective purchaser of the property within 120 days prior to the sale.

MCL 211.7ee(8) indicates:

If an exemption under this section is erroneously granted, an owner may request in writing that the local tax collecting unit withdraw the exemption. If an owner requests that an exemption be withdrawn, the local assessor shall notify the owner that the exemption issued under this section has been denied based on that owner's request. If an exemption is withdrawn, the property that had been subject to that exemption shall be immediately placed on the tax roll by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll as though the exemption had not been granted. A corrected tax bill shall be issued for the tax year being adjusted by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll. If an owner requests that an exemption

under this section be withdrawn before that owner is contacted in writing by the local assessor regarding that owner's eligibility for the exemption and that owner pays the corrected tax bill issued under this subsection within 30 days after the corrected tax bill is issued, that owner is not liable for any penalty or interest on the additional tax. An owner who pays a corrected tax bill issued under this subsection more than 30 days after the corrected tax bill is issued is liable for the penalties and interest that would have accrued if the exemption had not been granted from the date the taxes were originally levied.

An owner may request in writing to withdraw an exemption that was incorrectly granted under the provisions of MCL 211.7ee(8). The exemption is to be removed immediately from the tax roll(s) as if the exemption had not been granted. The local unit and the County treasurer are responsible for changing the tax roll(s) in their possession. A corrected tax bill for each affected tax year must be issued by the local unit and/or the County treasurer for the additional taxes caused by the removal of the qualified agricultural property exemption. Interest and penalties will not be added if the bill is paid within 30 days.