## SUBSTITUTE FOR HOUSE BILL NO. 4810

A bill to amend 1893 PA 206, entitled "The general property tax act,"

by amending section 7cc (MCL 211.7cc), as amended by 2013 PA 140.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7cc. (1) A principal residence is exempt from the tax
- 2 levied by a local school district for school operating purposes to
- 3 the extent provided under section 1211 of the revised school code,
- 4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
- 5 claims an exemption as provided in this section. Notwithstanding
- 6 the tax day provided in section 2, the status of property as a
- 7 principal residence shall be determined on the date an affidavit
- 8 claiming an exemption is filed under subsection (2).
- 9 (2) Except as otherwise provided in subsection (5), an owner

- 1 of property may claim 1 exemption under this section by filing an
- 2 affidavit on or before May 1 for taxes levied before January 1,
- 3 2012 or, for taxes levied after December 31, 2011, on or before
- 4 June 1 for the immediately succeeding summer tax levy and all
- 5 subsequent tax levies or on or before November 1 for the
- 6 immediately succeeding winter tax levy and all subsequent tax
- 7 levies with the local tax collecting unit in which the property is
- 8 located. The affidavit shall state that the property is owned and
- 9 occupied as a principal residence by that owner of the property on
- 10 the date that the affidavit is signed. The affidavit shall be on a
- 11 form prescribed by the department of treasury. One copy of the
- 12 affidavit shall be retained by the owner, 1 copy shall be retained
- 13 by the local tax collecting unit until any appeal or audit period
- 14 under this act has expired, and 1 copy shall be forwarded to the
- 15 department of treasury pursuant to subsection (4), together with
- 16 all information submitted under subsection (28) for a cooperative
- 17 housing corporation. The affidavit shall require the owner claiming
- 18 the exemption to indicate if that owner or that owner's spouse has
- 19 claimed another exemption on property in this state that is not
- 20 rescinded or a substantially similar exemption, deduction, or
- 21 credit on property in another state that is not rescinded. If the
- 22 affidavit requires an owner to include a social security number,
- 23 that owner's number is subject to the disclosure restrictions in
- 24 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
- 25 affidavit for an exemption under this section before January 1,
- 26 2004, that affidavit shall be considered the affidavit required
- 27 under this subsection for a principal residence exemption and that

- 1 exemption shall remain in effect until rescinded as provided in
- 2 this section.
- 3 (3) Except as otherwise provided in subsection (5), a husband
- 4 and wife who are required to file or who do file a joint Michigan
- 5 income tax return are entitled to not more than 1 exemption under
- 6 this section. For taxes levied after December 31, 2002, a person is
- 7 not entitled to an exemption under this section if any of the
- 8 following conditions occur:
- 9 (a) That person has claimed a substantially similar exemption,
- 10 deduction, or credit on property in another state that is not
- 11 rescinded.
- 12 (b) Subject to subdivision (a), that person or his or her
- 13 spouse owns property in a state other than this state for which
- 14 that person or his or her spouse claims an exemption, deduction, or
- 15 credit substantially similar to the exemption provided under this
- 16 section, unless that person and his or her spouse file separate
- 17 income tax returns.
- 18 (c) That person has filed a nonresident Michigan income tax
- 19 return, except active duty military personnel stationed in this
- 20 state with his or her principal residence in this state.
- 21 (d) That person has filed an income tax return in a state
- 22 other than this state as a resident, except active duty military
- 23 personnel stationed in this state with his or her principal
- 24 residence in this state.
- 25 (e) That person has previously rescinded an exemption under
- 26 this section for the same property for which an exemption is now
- 27 claimed and there has not been a transfer of ownership of that

- 1 property after the previous exemption was rescinded, if either of
- 2 the following conditions is satisfied:
- 3 (i) That person has claimed an exemption under this section for
- 4 any other property for that tax year.
- 5 (ii) That person has rescinded an exemption under this section
- 6 on other property, which exemption remains in effect for that tax
- 7 year, and there has not been a transfer of ownership of that
- 8 property.
- **9** (4) Upon receipt of an affidavit filed under subsection (2)
- 10 and unless the claim is denied under this section, the assessor
- 11 shall exempt the property from the collection of the tax levied by
- 12 a local school district for school operating purposes to the extent
- 13 provided under section 1211 of the revised school code, 1976 PA
- 14 451, MCL 380.1211, as provided in subsection (1) until December 31
- 15 of the year in which the property is transferred or, except as
- 16 otherwise provided in subsection (5), is no longer a principal
- 17 residence as defined in section 7dd. The local tax collecting unit
- 18 shall forward copies of affidavits to the department of treasury
- 19 according to a schedule prescribed by the department of treasury.
- 20 (5) Except as otherwise provided in this subsection, not more
- 21 than 90 days after exempted property is no longer used as a
- 22 principal residence by the owner claiming an exemption, that owner
- 23 shall rescind the claim of exemption by filing with the local tax
- 24 collecting unit a rescission form prescribed by the department of
- 25 treasury. If an owner is eligible for and claims an exemption for
- 26 that owner's current principal residence, that owner may retain an
- 27 exemption for not more than 3 tax years on property previously

- 1 exempt as his or her principal residence if that property is not
- 2 occupied, is for sale, is not leased, and is not used for any
- 3 business or commercial purpose by filing a conditional rescission
- 4 form prescribed by the department of treasury with the local tax
- 5 collecting unit within the time period prescribed in subsection
- 6 (2). Beginning in the 2012 tax year, subject to the payment
- 7 requirement set forth in this subsection, if a land contract
- 8 vendor, bank, credit union, or other lending institution owns
- 9 property as a result of a foreclosure or forfeiture of a recorded
- 10 instrument under chapter 31, 32, or 57 of the revised judicature
- 11 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701
- 12 to 600.5759, or through deed or conveyance in lieu of a foreclosure
- 13 or forfeiture on that property and that property had been exempt
- 14 under this section immediately preceding the foreclosure, that land
- 15 contract vendor, bank, credit union, or other lending institution
- 16 may retain an exemption on that property at the same percentage of
- 17 exemption that the property previously had under this section if
- 18 that property is not occupied other than by the person who claimed
- 19 the exemption under this section immediately preceding the
- 20 foreclosure or forfeiture, is for sale, is not leased to any person
- 21 other than the person who claimed the exemption under this section
- 22 immediately preceding the foreclosure, and is not used for any
- 23 business or commercial purpose. A land contract vendor, bank,
- 24 credit union, or other lending institution may claim an exemption
- 25 under this subsection by filing a conditional rescission form
- 26 prescribed by the department of treasury with the local tax
- 27 collecting unit within the time period prescribed in subsection

- 1 (2). Property is eligible for a conditional rescission if that
- 2 property is available for lease and all other conditions under this
- 3 subsection are met. A copy of a conditional rescission form shall
- 4 be forwarded to the department of treasury according to a schedule
- 5 prescribed by the department of treasury. An owner or a land
- 6 contract vendor, bank, credit union, or other lending institution
- 7 that files a conditional rescission form shall annually verify to
- 8 the assessor of the local tax collecting unit on or before December
- 9 31 that the property for which the principal residence exemption is
- 10 retained is not occupied other than by the person who claimed the
- 11 exemption under this section immediately preceding the foreclosure
- 12 or forfeiture, is for sale, is not leased except as otherwise
- 13 provided in this section, and is not used for any business or
- 14 commercial purpose. The land contract vendor, bank, credit union,
- 15 or other lending institution may retain the exemption authorized
- 16 under this section for not more than 3 tax years. If an owner or a
- 17 land contract vendor, bank, credit union, or other lending
- 18 institution does not annually verify by December 31 that the
- 19 property for which the principal residence exemption is retained is
- 20 not occupied other than by the person who claimed the exemption
- 21 under this section immediately preceding the foreclosure or
- 22 forfeiture, is for sale, is not leased except as otherwise provided
- 23 in this section, and is not used for any business or commercial
- 24 purpose, the assessor of the local tax collecting unit shall deny
- 25 the principal residence exemption on that property. Except as
- 26 otherwise provided in this section, if property subject to a
- 27 conditional rescission is leased, the local tax collecting unit

- 1 shall deny that conditional rescission and that denial is
- 2 retroactive and is effective on December 31 of the year immediately
- 3 preceding the year in which the property subject to the conditional
- 4 rescission is leased. An owner who fails to file a rescission as
- 5 required by this subsection is subject to a penalty of \$5.00 per
- 6 day for each separate failure beginning after the 90 days have
- 7 elapsed, up to a maximum of \$200.00. This penalty shall be
- 8 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
- 9 deposited in the state school aid fund established in section 11 of
- 10 article IX of the state constitution of 1963. This penalty may be
- 11 waived by the department of treasury. If a land contract vendor,
- 12 bank, credit union, or other lending institution retains an
- 13 exemption on property under this subsection, that land contract
- 14 vendor, bank, credit union, or other lending institution shall pay
- 15 an amount equal to the additional amount that land contract vendor,
- 16 bank, credit union, or other lending institution would have paid
- 17 under section 1211 of the revised school code, 1976 PA 451, MCL
- 18 380.1211, if an exemption had not been retained on that property,
- 19 together with an administration fee equal to the property tax
- 20 administration fee imposed under section 44. The payment required
- 21 under this subsection shall be collected by the local tax
- 22 collecting unit at the same time and in the same manner as taxes
- 23 collected under this act. The administration fee shall be retained
- 24 by the local tax collecting unit. The amount collected that the
- 25 land contract vendor, bank, credit union, or other lending
- 26 institution would have paid under section 1211 of the revised
- 27 school code, 1976 PA 451, MCL 380.1211, if an exemption had not

- 1 been retained on that property is an amount that is not captured by
- 2 any authority as tax increment revenues and shall be distributed to
- 3 the department of treasury monthly for deposit into the state
- 4 school aid fund established in section 11 of article IX of the
- 5 state constitution of 1963. If a land contract vendor, bank, credit
- 6 union, or other lending institution transfers ownership of property
- 7 for which an exemption is retained under this subsection, that land
- 8 contract vendor, bank, credit union, or other lending institution
- 9 shall rescind the exemption as provided in this section and shall
- 10 notify the treasurer of the local tax collecting unit of that
- 11 transfer of ownership. If a land contract vendor, bank, credit
- 12 union, or other lending institution fails to make the payment
- 13 required under this subsection for any property within the period
- 14 for which property taxes are due and payable without penalty, the
- 15 local tax collecting unit shall deny that conditional rescission
- 16 and that denial is retroactive and is effective on December 31 of
- 17 the immediately preceding year. If the local tax collecting unit
- 18 denies a conditional rescission, the local tax collecting unit
- 19 shall remove the exemption of the property and the amount due from
- 20 the land contract vendor, bank, credit union, or other lending
- 21 institution shall be a tax so that the additional taxes, penalties,
- 22 and interest shall be collected as provided for in this section. If
- 23 payment of the tax under this subsection is not made by the March 1
- 24 following the levy of the tax, the tax shall be turned over to the
- 25 county treasurer and collected in the same manner as delinquent
- 26 taxes under this act. A person who previously occupied property as
- 27 his or her principal residence but now resides in a nursing home or

- 1 assisted living facility may retain an exemption on that property
- 2 if the owner manifests an intent to return to that property by
- 3 satisfying all of the following conditions:
- 4 (a) The owner continues to own that property while residing in
- 5 the nursing home or assisted living facility.
- 6 (b) The owner has not established a new principal residence.
- 7 (c) The owner maintains or provides for the maintenance of
- 8 that property while residing in the nursing home or assisted living
- 9 facility.
- 10 (d) That property is not occupied, is not for sale, is not
- 11 leased, and is not used for any business or commercial purpose.
- 12 (6) Except as otherwise provided in subsection (5), if the
- 13 assessor of the local tax collecting unit believes that the
- 14 property for which an exemption is claimed is not the principal
- 15 residence of the owner claiming the exemption, the assessor may
- 16 deny a new or existing claim by notifying the owner and the
- 17 department of treasury in writing of the reason for the denial and
- 18 advising the owner that the denial may be appealed to the
- 19 residential and small claims division of the Michigan tax tribunal
- 20 within 35 days after the date of the notice. The assessor may deny
- 21 a claim for exemption for the current year and for the 3
- 22 immediately preceding calendar years. If the assessor denies an
- 23 existing claim for exemption, the assessor shall remove the
- 24 exemption of the property and, if the tax roll is in the local tax
- 25 collecting unit's possession, amend the tax roll to reflect the
- 26 denial and the local treasurer shall within 30 days of the date of
- 27 the denial issue a corrected tax bill for any additional taxes with

- 1 interest at the rate of 1.25% per month or fraction of a month and
- 2 penalties computed from the date the taxes were last payable
- 3 without interest or penalty. If the tax roll is in the county
- 4 treasurer's possession, the tax roll shall be amended to reflect
- 5 the denial and the county treasurer shall within 30 days of the
- 6 date of the denial prepare and submit a supplemental tax bill for
- 7 any additional taxes, together with interest at the rate of 1.25%
- 8 per month or fraction of a month and penalties computed from the
- 9 date the taxes were last payable without interest or penalty.
- 10 Interest on any tax set forth in a corrected or supplemental tax
- 11 bill shall again begin to accrue 60 days after the date the
- 12 corrected or supplemental tax bill is issued at the rate of 1.25%
- 13 per month or fraction of a month. Taxes levied in a corrected or
- 14 supplemental tax bill shall be returned as delinquent on the March
- 15 1 in the year immediately succeeding the year in which the
- 16 corrected or supplemental tax bill is issued. If the assessor
- 17 denies an existing claim for exemption, the interest due shall be
- 18 distributed as provided in subsection (25). However, if the
- 19 property has been transferred to a bona fide purchaser before
- 20 additional taxes were billed to the seller as a result of the
- 21 denial of a claim for exemption, the taxes, interest, and penalties
- 22 shall not be a lien on the property and shall not be billed to the
- 23 bona fide purchaser, and the local tax collecting unit if the local
- 24 tax collecting unit has possession of the tax roll or the county
- 25 treasurer if the county has possession of the tax roll shall notify
- 26 the department of treasury of the amount of tax due, interest, and
- 27 penalties through the date of that notification. The department of

- 1 treasury shall then assess the owner who claimed the exemption
- 2 under this section for the tax, interest, and penalties accruing as
- 3 a result of the denial of the claim for exemption, if any, as for
- 4 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
- 5 shall deposit any tax or penalty collected into the state school
- 6 aid fund and shall distribute any interest collected as provided in
- 7 subsection (25). The denial shall be made on a form prescribed by
- 8 the department of treasury. If the property for which the assessor
- 9 has denied a claim for exemption under this subsection is located
- 10 in a county in which the county treasurer or the county
- 11 equalization director have elected to audit exemptions under
- 12 subsection (10), the assessor shall notify the county treasurer or
- 13 the county equalization director of the denial under this
- 14 subsection.
- 15 (7) If the assessor of the local tax collecting unit believes
- 16 that the property for which the exemption is claimed is not the
- 17 principal residence of the owner claiming the exemption and has not
- 18 denied the claim, the assessor shall include a recommendation for
- 19 denial with any affidavit that is forwarded to the department of
- 20 treasury or, for an existing claim, shall send a recommendation for
- 21 denial to the department of treasury, stating the reasons for the
- 22 recommendation.
- 23 (8) The department of treasury shall determine if the property
- 24 is the principal residence of the owner claiming the exemption.
- 25 Except as otherwise provided in subsection (21), the department of
- 26 treasury may review the validity of exemptions for the current
- 27 calendar year and for the 3 immediately preceding calendar years.

- 1 Except as otherwise provided in subsection (5), if the department
- 2 of treasury determines that the property is not the principal
- 3 residence of the owner claiming the exemption, the department shall
- 4 send a notice of that determination to the local tax collecting
- 5 unit and to the owner of the property claiming the exemption,
- 6 indicating that the claim for exemption is denied, stating the
- 7 reason for the denial, and advising the owner claiming the
- 8 exemption of the right to appeal the determination to the
- 9 department of treasury and what those rights of appeal are. The
- 10 department of treasury may issue a notice denying a claim if an
- 11 owner fails to respond within 30 days of receipt of a request for
- 12 information from that department. An owner may appeal the denial of
- 13 a claim of exemption to the department of treasury within 35 days
- 14 of receipt of the notice of denial. An appeal to the department of
- 15 treasury shall be conducted according to the provisions for an
- informal conference in section 21 of 1941 PA 122, MCL 205.21.
- 17 Within 10 days after acknowledging an appeal of a denial of a claim
- 18 of exemption, the department of treasury shall notify the assessor
- 19 and the treasurer for the county in which the property is located
- 20 that an appeal has been filed. Upon receipt of a notice that the
- 21 department of treasury has denied a claim for exemption, the
- 22 assessor shall remove the exemption of the property and, if the tax
- 23 roll is in the local tax collecting unit's possession, amend the
- 24 tax roll to reflect the denial and the local treasurer shall within
- 25 30 days of the date of the denial issue a corrected tax bill for
- 26 any additional taxes with interest at the rate of 1.25% per month
- 27 or fraction of a month and penalties computed from the date the

- 1 taxes were last payable without interest and penalty. If the tax
- 2 roll is in the county treasurer's possession, the tax roll shall be
- 3 amended to reflect the denial and the county treasurer shall within
- 4 30 days of the date of the denial prepare and submit a supplemental
- 5 tax bill for any additional taxes, together with interest at the
- 6 rate of 1.25% per month or fraction of a month and penalties
- 7 computed from the date the taxes were last payable without interest
- 8 or penalty. Interest on any tax set forth in a corrected or
- 9 supplemental tax bill shall again begin to accrue 60 days after the
- 10 date the corrected or supplemental tax bill is issued at the rate
- 11 of 1.25% per month or fraction of a month. The department of
- 12 treasury may waive interest on any tax set forth in a corrected or
- 13 supplemental tax bill for the current tax year and the immediately
- 14 preceding 3 tax years if the assessor of the local tax collecting
- 15 unit files with the department of treasury a sworn affidavit in a
- 16 form prescribed by the department of treasury stating that the tax
- 17 set forth in the corrected or supplemental tax bill is a result of
- 18 the assessor's classification error or other error or the
- 19 assessor's failure to rescind the exemption after the owner
- 20 requested in writing that the exemption be rescinded. Taxes levied
- 21 in a corrected or supplemental tax bill shall be returned as
- 22 delinquent on the March 1 in the year immediately succeeding the
- 23 year in which the corrected or supplemental tax bill is issued. If
- 24 the department of treasury denies an existing claim for exemption,
- 25 the interest due shall be distributed as provided in subsection
- 26 (25). However, if the property has been transferred to a bona fide
- 27 purchaser before additional taxes were billed to the seller as a

- 1 result of the denial of a claim for exemption, the taxes, interest,
- 2 and penalties shall not be a lien on the property and shall not be
- 3 billed to the bona fide purchaser, and the local tax collecting
- 4 unit if the local tax collecting unit has possession of the tax
- 5 roll or the county treasurer if the county has possession of the
- 6 tax roll shall notify the department of treasury of the amount of
- 7 tax due and interest through the date of that notification. The
- 8 department of treasury shall then assess the owner who claimed the
- 9 exemption under this section for the tax and interest plus penalty
- 10 accruing as a result of the denial of the claim for exemption, if
- 11 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
- 12 205.31, and shall deposit any tax or penalty collected into the
- 13 state school aid fund and shall distribute any interest collected
- 14 as provided in subsection (25).
- 15 (9) The department of treasury may enter into an agreement
- 16 regarding the implementation or administration of subsection (8)
- 17 with the assessor of any local tax collecting unit in a county that
- 18 has not elected to audit exemptions claimed under this section as
- 19 provided in subsection (10). The agreement may specify that for a
- 20 period of time, not to exceed 120 days, the department of treasury
- 21 will not deny an exemption identified by the department of treasury
- in the list provided under subsection (11).
- 23 (10) A county may elect to audit the exemptions claimed under
- 24 this section in all local tax collecting units located in that
- 25 county as provided in this subsection. The election to audit
- 26 exemptions shall be made by the county treasurer, or by the county
- 27 equalization director with the concurrence by resolution of the

- 1 county board of commissioners. The initial election to audit
- 2 exemptions shall require an audit period of 2 years. Before 2009,
- 3 subsequent elections to audit exemptions shall be made every 2
- 4 years and shall require 2 annual audit periods. Beginning in 2009,
- 5 an election to audit exemptions shall be made every 5 years and
- 6 shall require 5 annual audit periods. An election to audit
- 7 exemptions shall be made by submitting an election to audit form to
- 8 the assessor of each local tax collecting unit in that county and
- 9 to the department of treasury not later than April 1 preceding the
- 10 October 1 in the year in which an election to audit is made. The
- 11 election to audit form required under this subsection shall be in a
- 12 form prescribed by the department of treasury. If a county elects
- 13 to audit the exemptions claimed under this section, the department
- 14 of treasury may continue to review the validity of exemptions as
- 15 provided in subsection (8). If a county does not elect to audit the
- 16 exemptions claimed under this section as provided in this
- 17 subsection, the department of treasury shall conduct an audit of
- 18 exemptions claimed under this section in the initial 2-year audit
- 19 period for each local tax collecting unit in that county unless the
- 20 department of treasury has entered into an agreement with the
- 21 assessor for that local tax collecting unit under subsection (9).
- 22 (11) If a county elects to audit the exemptions claimed under
- 23 this section as provided in subsection (10) and the county
- 24 treasurer or his or her designee or the county equalization
- 25 director or his or her designee believes that the property for
- 26 which an exemption is claimed is not the principal residence of the
- 27 owner claiming the exemption, the county treasurer or his or her

- 1 designee or the county equalization director or his or her designee
- 2 may, except as otherwise provided in subsection (5), deny an
- 3 existing claim by notifying the owner, the assessor of the local
- 4 tax collecting unit, and the department of treasury in writing of
- 5 the reason for the denial and advising the owner that the denial
- 6 may be appealed to the residential and small claims division of the
- 7 Michigan tax tribunal within 35 days after the date of the notice.
- 8 The county treasurer or his or her designee or the county
- 9 equalization director or his or her designee may deny a claim for
- 10 exemption for the current year and for the 3 immediately preceding
- 11 calendar years. If the county treasurer or his or her designee or
- 12 the county equalization director or his or her designee denies an
- 13 existing claim for exemption, the county treasurer or his or her
- 14 designee or the county equalization director or his or her designee
- 15 shall direct the assessor of the local tax collecting unit in which
- 16 the property is located to remove the exemption of the property
- 17 from the assessment roll and, if the tax roll is in the local tax
- 18 collecting unit's possession, direct the assessor of the local tax
- 19 collecting unit to amend the tax roll to reflect the denial and the
- 20 treasurer of the local tax collecting unit shall within 30 days of
- 21 the date of the denial issue a corrected tax bill for any
- 22 additional taxes with interest at the rate of 1.25% per month or
- 23 fraction of a month and penalties computed from the date the taxes
- 24 were last payable without interest and penalty. If the tax roll is
- 25 in the county treasurer's possession, the tax roll shall be amended
- 26 to reflect the denial and the county treasurer shall within 30 days
- 27 of the date of the denial prepare and submit a supplemental tax

- 1 bill for any additional taxes, together with interest at the rate
- 2 of 1.25% per month or fraction of a month and penalties computed
- 3 from the date the taxes were last payable without interest or
- 4 penalty. Interest on any tax set forth in a corrected or
- 5 supplemental tax bill shall again begin to accrue 60 days after the
- 6 date the corrected or supplemental tax bill is issued at the rate
- 7 of 1.25% per month or fraction of a month. Taxes levied in a
- 8 corrected or supplemental tax bill shall be returned as delinquent
- 9 on the March 1 in the year immediately succeeding the year in which
- 10 the corrected or supplemental tax bill is issued. If the county
- 11 treasurer or his or her designee or the county equalization
- 12 director or his or her designee denies an existing claim for
- 13 exemption, the interest due shall be distributed as provided in
- 14 subsection (25). However, if the property has been transferred to a
- 15 bona fide purchaser before additional taxes were billed to the
- 16 seller as a result of the denial of a claim for exemption, the
- 17 taxes, interest, and penalties shall not be a lien on the property
- 18 and shall not be billed to the bona fide purchaser, and the local
- 19 tax collecting unit if the local tax collecting unit has possession
- 20 of the tax roll or the county treasurer if the county has
- 21 possession of the tax roll shall notify the department of treasury
- 22 of the amount of tax due and interest through the date of that
- 23 notification. The department of treasury shall then assess the
- 24 owner who claimed the exemption under this section for the tax and
- 25 interest plus penalty accruing as a result of the denial of the
- 26 claim for exemption, if any, as for unpaid taxes provided under
- 27 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or

- 1 penalty collected into the state school aid fund and shall
- 2 distribute any interest collected as provided in subsection (25).
- 3 The department of treasury shall annually provide the county
- 4 treasurer or his or her designee or the county equalization
- 5 director or his or her designee a list of parcels of property
- 6 located in that county for which an exemption may be erroneously
- 7 claimed. The county treasurer or his or her designee or the county
- 8 equalization director or his or her designee shall forward copies
- 9 of the list provided by the department of treasury to each assessor
- 10 in each local tax collecting unit in that county within 10 days of
- 11 receiving the list.
- 12 (12) If a county elects to audit exemptions claimed under this
- 13 section as provided in subsection (10), the county treasurer or the
- 14 county equalization director may enter into an agreement with the
- 15 assessor of a local tax collecting unit in that county regarding
- 16 the implementation or administration of this section. The agreement
- 17 may specify that for a period of time, not to exceed 120 days, the
- 18 county will not deny an exemption identified by the department of
- 19 treasury in the list provided under subsection (11).
- 20 (13) An owner may appeal a denial by the assessor of the local
- 21 tax collecting unit under subsection (6), a final decision of the
- 22 department of treasury under subsection (8), or a denial by the
- 23 county treasurer or his or her designee or the county equalization
- 24 director or his or her designee under subsection (11) to the
- 25 residential and small claims division of the Michigan tax tribunal
- 26 within 35 days of that decision. An owner is not required to pay
- 27 the amount of tax in dispute in order to appeal a denial of a claim

- 1 of exemption to the department of treasury or to receive a final
- 2 determination of the residential and small claims division of the
- 3 Michigan tax tribunal. However, interest at the rate of 1.25% per
- 4 month or fraction of a month and penalties shall accrue and be
- 5 computed from the date the taxes were last payable without interest
- 6 and penalty. If the residential and small claims division of the
- 7 Michigan tax tribunal grants an owner's appeal of a denial and that
- 8 owner has paid the interest due as a result of a denial under
- 9 subsection (6), (8), or (11), the interest received after a
- 10 distribution was made under subsection (25) shall be refunded.
- 11 (14) For taxes levied after December 31, 2005, for each county
- 12 in which the county treasurer or the county equalization director
- 13 does not elect to audit the exemptions claimed under this section
- 14 as provided in subsection (10), the department of treasury shall
- 15 conduct an annual audit of exemptions claimed under this section
- 16 for the current calendar year.
- 17 (15) Except as otherwise provided in subsection (5), an
- 18 affidavit filed by an owner for the exemption under this section
- 19 rescinds all previous exemptions filed by that owner for any other
- 20 property. The department of treasury shall notify the assessor of
- 21 the local tax collecting unit in which the property for which a
- 22 previous exemption was claimed is located if the previous exemption
- 23 is rescinded by the subsequent affidavit. When an exemption is
- 24 rescinded, the assessor of the local tax collecting unit shall
- 25 remove the exemption effective December 31 of the year in which the
- 26 affidavit was filed that rescinded the exemption. For any year for
- 27 which the rescinded exemption has not been removed from the tax

- 1 roll, the exemption shall be denied as provided in this section.
- 2 However, interest and penalty shall not be imposed for a year for
- 3 which a rescission form has been timely filed under subsection (5).
- 4 (16) Except as otherwise provided in subsection (30), if the
- 5 principal residence is part of a unit in a multiple-unit dwelling
- 6 or a dwelling unit in a multiple-purpose structure, an owner shall
- 7 claim an exemption for only that portion of the total taxable value
- 8 of the property used as the principal residence of that owner in a
- 9 manner prescribed by the department of treasury. If a portion of a
- 10 parcel for which the owner claims an exemption is used for a
- 11 purpose other than as a principal residence, the owner shall claim
- 12 an exemption for only that portion of the taxable value of the
- 13 property used as the principal residence of that owner in a manner
- 14 prescribed by the department of treasury.
- 15 (17) When a county register of deeds records a transfer of
- 16 ownership of a property, he or she shall notify the local tax
- 17 collecting unit in which the property is located of the transfer.
- 18 (18) The department of treasury shall make available the
- 19 affidavit forms and the forms to rescind an exemption, which may be
- 20 on the same form, to all city and township assessors, county
- 21 equalization officers, county registers of deeds, and closing
- 22 agents. A person who prepares a closing statement for the sale of
- 23 property shall provide affidavit and rescission forms to the buyer
- 24 and seller at the closing and, if requested by the buyer or seller
- 25 after execution by the buyer or seller, shall file the forms with
- 26 the local tax collecting unit in which the property is located. If
- 27 a closing statement preparer fails to provide exemption affidavit

- 1 and rescission forms to the buyer and seller, or fails to file the
- 2 affidavit and rescission forms with the local tax collecting unit
- 3 if requested by the buyer or seller, the buyer may appeal to the
- 4 department of treasury within 30 days of notice to the buyer that
- 5 an exemption was not recorded. If the department of treasury
- 6 determines that the buyer qualifies for the exemption, the
- 7 department of treasury shall notify the assessor of the local tax
- 8 collecting unit that the exemption is granted and the assessor of
- 9 the local tax collecting unit or, if the tax roll is in the
- 10 possession of the county treasurer, the county treasurer shall
- 11 correct the tax roll to reflect the exemption. This subsection does
- 12 not create a cause of action at law or in equity against a closing
- 13 statement preparer who fails to provide exemption affidavit and
- 14 rescission forms to a buyer and seller or who fails to file the
- 15 affidavit and rescission forms with the local tax collecting unit
- 16 when requested to do so by the buyer or seller.
- 17 (19) An owner who owned and occupied a principal residence on
- 18 May 1 for taxes levied before January 1, 2012 for which the
- 19 exemption was not on the tax roll may file an appeal with the July
- 20 board of review or December board of review in the year for which
- 21 the exemption was claimed or the immediately succeeding 3 years.
- 22 For taxes levied after December 31, 2011, an owner who owned and
- 23 occupied a principal residence on June 1 or November 1 for which
- 24 the exemption was not on the tax roll may file an appeal with the
- 25 July board of review or December board of review in the year for
- 26 which the exemption was claimed or the immediately succeeding 3
- 27 years. If an appeal of a claim for exemption that was not on the

- 1 tax roll is received not later than 5 days prior to the date of the
- 2 December board of review, the local tax collecting unit shall
- 3 convene a December board of review and consider the appeal pursuant
- 4 to this section and section 53b.
- 5 (20) An owner who owned and occupied a principal residence
- 6 within the time period prescribed in subsection (2) in any year
- 7 before the 3 immediately preceding tax years for which the
- 8 exemption was not on the tax roll as a result of a qualified error
- 9 on the part of the local tax collecting unit may file a request for
- 10 the exemption for those tax years with the department of treasury.
- 11 The request for the exemption shall be in a form prescribed by the
- 12 department of treasury and shall include all documentation the
- 13 department of treasury considers necessary to consider the request
- 14 and to correct any affected official records if a qualified error
- 15 on the part of the local tax collecting unit is recognized and an
- 16 exemption is granted. If the department of treasury denies a
- 17 request for the exemption under this subsection, the owner is
- 18 responsible for all costs related to the request as determined by
- 19 the department of treasury. If the department of treasury grants a
- 20 request for the exemption under this subsection and the exemption
- 21 results in an overpayment of the tax in the years under
- 22 consideration, the department of treasury shall notify the
- 23 treasurer of the local tax collecting unit, the county treasurer,
- 24 and other affected officials of the error and the granting of the
- 25 request for the exemption and all affected official records shall
- 26 be corrected consistent with guidance provided by the department of
- 27 treasury. If granting the request for the exemption results in an

- 1 overpayment, a rebate, including any interest paid by the owner,
- 2 shall be paid to the owner within 30 days of the receipt of the
- 3 notice. A rebate shall be without interest. The treasurer in
- 4 possession of the appropriate tax roll may deduct the rebate from
- 5 the appropriate tax collecting unit's subsequent distribution of
- 6 taxes. The treasurer in possession of the appropriate tax roll
- 7 shall bill to the appropriate tax collecting unit the tax
- 8 collecting unit's share of taxes rebated. A local tax collecting
- 9 unit responsible for a qualified error under this subsection shall
- 10 reimburse each county treasurer and other affected local official
- 11 required to correct official records under this subsection for the
- 12 costs incurred in complying with this subsection.
- 13 (21) If an owner of property received a principal residence
- 14 exemption to which that owner was not entitled in any year before
- 15 the 3 immediately preceding tax years, as a result of a qualified
- 16 error on the part of the local tax collecting unit, the department
- 17 of treasury may deny the principal residence exemption as provided
- 18 in subsection (8). If the department of treasury denies an
- 19 exemption under this subsection, the owner shall be issued a
- 20 corrected or supplemental tax bill as provided in subsection (8),
- 21 except interest shall not accrue until 60 days after the date the
- 22 corrected or supplemental tax bill is issued. A local tax
- 23 collecting unit responsible for a qualified error under this
- 24 subsection shall reimburse each county treasurer and other affected
- 25 local official required to correct official records under this
- 26 subsection for the costs incurred in complying with this
- 27 subsection.

- 1 (22) If the assessor or treasurer of the local tax collecting
- 2 unit believes that the department of treasury erroneously denied a
- 3 claim for exemption, the assessor or treasurer may submit written
- 4 information supporting the owner's claim for exemption to the
- 5 department of treasury within 35 days of the owner's receipt of the
- 6 notice denying the claim for exemption. If, after reviewing the
- 7 information provided, the department of treasury determines that
- 8 the claim for exemption was erroneously denied, the department of
- 9 treasury shall grant the exemption and the tax roll shall be
- 10 amended to reflect the exemption.
- 11 (23) If granting the exemption under this section results in
- 12 an overpayment of the tax, a rebate, including any interest paid,
- 13 shall be made to the taxpayer by the local tax collecting unit if
- 14 the local tax collecting unit has possession of the tax roll or by
- 15 the county treasurer if the county has possession of the tax roll
- 16 within 30 days of the date the exemption is granted. The rebate
- 17 shall be without interest. If an exemption for property classified
- 18 as timber-cutover real property is granted under this section for
- 19 the 2008 or 2009 tax year, the tax roll shall be corrected and any
- 20 delinquent and unpaid penalty, interest, and tax resulting from
- 21 that property not having been exempt under this section for the
- 22 2008 or 2009 tax year shall be waived.
- 23 (24) If an exemption under this section is erroneously granted
- 24 for an affidavit filed before October 1, 2003, an owner may request
- 25 in writing that the department of treasury withdraw the exemption.
- 26 The request to withdraw the exemption shall be received not later
- 27 than November 1, 2003. If an owner requests that an exemption be

- 1 withdrawn, the department of treasury shall issue an order
- 2 notifying the local assessor that the exemption issued under this
- 3 section has been denied based on the owner's request. If an
- 4 exemption is withdrawn, the property that had been subject to that
- 5 exemption shall be immediately placed on the tax roll by the local
- 6 tax collecting unit if the local tax collecting unit has possession
- 7 of the tax roll or by the county treasurer if the county has
- 8 possession of the tax roll as though the exemption had not been
- 9 granted. A corrected tax bill shall be issued for the tax year
- 10 being adjusted by the local tax collecting unit if the local tax
- 11 collecting unit has possession of the tax roll or by the county
- 12 treasurer if the county has possession of the tax roll. Unless a
- denial has been issued prior to July 1, 2003, if an owner requests
- 14 that an exemption under this section be withdrawn and that owner
- 15 pays the corrected tax bill issued under this subsection within 30
- 16 days after the corrected tax bill is issued, that owner is not
- 17 liable for any penalty or interest on the additional tax. An owner
- 18 who pays a corrected tax bill issued under this subsection more
- 19 than 30 days after the corrected tax bill is issued is liable for
- 20 the penalties and interest that would have accrued if the exemption
- 21 had not been granted from the date the taxes were originally
- 22 levied.
- 23 (25) Subject to subsection (26), interest at the rate of 1.25%
- 24 per month or fraction of a month collected under subsection (6),
- 25 (8), or (11) shall be distributed as follows:
- 26 (a) If the assessor of the local tax collecting unit denies
- 27 the exemption under this section, as follows:

- 1 (i) To the local tax collecting unit, 70%.
- 2 (ii) To the department of treasury, 10%.
- 3 (iii) To the county in which the property is located, 20%.
- 4 (b) If the department of treasury denies the exemption under
- 5 this section, as follows:
- 6 (i) To the local tax collecting unit, 20%.
- 7 (ii) To the department of treasury, 70%.
- 8 (iii) To the county in which the property is located, 10%.
- 9 (c) If the county treasurer or his or her designee or the
- 10 county equalization director or his or her designee denies the
- 11 exemption under this section, as follows:
- 12 (i) To the local tax collecting unit, 20%.
- 13 (ii) To the department of treasury, 10%.
- 14 (iii) To the county in which the property is located, 70%.
- 15 (26) Interest distributed under subsection (25) is subject to
- 16 the following conditions:
- 17 (a) Interest distributed to a county shall be deposited into a
- 18 restricted fund to be used solely for the administration of
- 19 exemptions under this section. Money in that restricted fund shall
- 20 lapse to the county general fund on the December 31 in the year 3
- 21 years after the first distribution of interest to the county under
- 22 subsection (25) and on each succeeding December 31 thereafter.
- 23 (b) Interest distributed to the department of treasury shall
- 24 be deposited into the principal residence property tax exemption
- 25 audit fund, which is created within the state treasury. The state
- 26 treasurer may receive money or other assets from any source for
- 27 deposit into the fund. The state treasurer shall direct the

- 1 investment of the fund. The state treasurer shall credit to the
- 2 fund interest and earnings from fund investments. Money in the fund
- 3 shall be considered a work project account and at the close of the
- 4 fiscal year shall remain in the fund and shall not lapse to the
- 5 general fund. Money from the fund shall be expended, upon
- 6 appropriation, only for the purpose of auditing exemption
- 7 affidavits.
- 8 (27) Interest distributed under subsection (25) is in addition
- 9 to and shall not affect the levy or collection of the county
- 10 property tax administration fee established under this act.
- 11 (28) A cooperative housing corporation is entitled to a full
- 12 or partial exemption under this section for the tax year in which
- 13 the cooperative housing corporation files all of the following with
- 14 the local tax collecting unit in which the cooperative housing
- 15 corporation is located if filed within the time period prescribed
- in subsection (2):
- 17 (a) An affidavit form.
- 18 (b) A statement of the total number of units owned by the
- 19 cooperative housing corporation and occupied as the principal
- 20 residence of a tenant stockholder as of the date of the filing
- 21 under this subsection.
- (c) A list that includes the name, address, and social
- 23 security number of each tenant stockholder of the cooperative
- 24 housing corporation occupying a unit in the cooperative housing
- 25 corporation as his or her principal residence as of the date of the
- 26 filing under this subsection.
- 27 (d) A statement of the total number of units of the

- 1 cooperative housing corporation on which an exemption under this
- 2 section was claimed and that were transferred in the tax year
- 3 immediately preceding the tax year in which the filing under this
- 4 section was made.
- 5 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
- 6 of each county shall forward to the department of education a
- 7 statement of the taxable value of each school district and fraction
- 8 of a school district within the county for the preceding 4 calendar
- 9 years. This requirement is in addition to the requirement set forth
- 10 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
- **11** 388.1751.
- 12 (30) For a parcel of property open and available for use as a
- 13 bed and breakfast, the portion of the taxable value of the property
- 14 used as a principal residence under subsection (16) shall be
- 15 calculated in the following manner:
- 16 (a) Add all of the following:
- (i) The square footage of the property used exclusively as that
- 18 owner's principal residence.
- 19 (ii) 50% of the square footage of the property's common area.
- 20 (iii) If the property was not open and available for use as a
- 21 bed and breakfast for 90 or more consecutive days in the
- 22 immediately preceding 12-month period, the result of the following
- 23 calculation:
- 24 (A) Add the square footage of the property that is open and
- 25 available regularly and exclusively as a bed and breakfast, and 50%
- of the square footage of the property's common area.
- 27 (B) Multiply the result of the calculation in sub-subparagraph

- 1 (A) by a fraction, the numerator of which is the number of
- 2 consecutive days in the immediately preceding 12-month period that
- 3 the property was not open and available for use as a bed and
- 4 breakfast and the denominator of which is 365.
- 5 (b) Divide the result of the calculation in subdivision (a) by
- 6 the total square footage of the property.
- 7 (31) The owner claiming an exemption under this section for
- 8 property open and available as a bed and breakfast shall file an
- 9 affidavit claiming the exemption within the time period prescribed
- 10 in subsection (2) with the local tax collecting unit in which the
- 11 property is located. The affidavit shall be in a form prescribed by
- 12 the department of treasury.
- 13 (32) As used in this section:
- 14 (a) "Bed and breakfast" means property classified as
- 15 residential real property under section 34c that meets all of the
- 16 following criteria:
- 17 (i) Has 10 or fewer sleeping rooms, including sleeping rooms
- 18 occupied by the owner of the property, 1 or more of which are
- 19 available for rent to transient tenants.
- 20 (ii) Serves meals at no extra cost to its transient tenants.
- 21 (iii) Has a smoke detector in proper working order in each
- 22 sleeping room and a fire extinguisher in proper working order on
- 23 each floor.
- 24 (b) "Common area" includes, but is not limited to, a kitchen,
- 25 dining room, living room, fitness room, porch, hallway, laundry
- 26 room, or bathroom that is available for use by guests of a bed and
- 27 breakfast or, unless guests are specifically prohibited from access

- 1 to the area, an area that is used to provide a service to guests of
- 2 a bed and breakfast.
- (c) "Qualified error" means that term as defined in section 3
- 53b.
- 5 Enacting section 1. This amendatory act is retroactive and is
- 6 effective for taxes levies after December 31, 2012.