

Act No. 476
Public Acts of 1996
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STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996

Introduced by Reps. Bobier and Bullard

ENROLLED HOUSE BILL No. 5359

AN ACT to amend sections 7k, 7cc, 7dd, 7ee, 10f, 24c, 27a, 27b, 30c, 34c, 34d, 61a, 131e, 140, 141, and 154 of Act No. 206 of the Public Acts of 1893, entitled as amended "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this act," sections 7cc and 7ee as amended by Act No. 74 of the Public Acts of 1995, section 7dd as amended by Act No. 57 of the Public Acts of 1996, sections 10f, 24c, 27a, 30c, and 34d as amended and section 27b as added by Act No. 415 of the Public Acts of 1994, section 131e as amended by Act No. 291 of the Public Acts of 1993, and section 154 as amended by Act No. 539 of the Public Acts of 1982, being sections 211.7k, 211.7cc, 211.7dd, 211.7ee, 211.10f, 211.24c, 211.27a, 211.27b, 211.30c, 211.34c, 211.34d, 211.61a, 211.131e, 211.140, 211.141, and 211.154 of the Michigan Compiled Laws; and to add sections 27c and 27d.

The People of the State of Michigan enact:

Section 1. Sections 7k, 7cc, 7dd, 7ee, 10f, 24c, 27a, 27b, 30c, 34c, 34d, 61a, 131e, 140, 141, and 154 of Act No. 206 of the Public Acts of 1893, sections 7cc and 7ee as amended by Act No. 74 of the Public Acts of 1995, section 7dd as amended by Act No. 57 of the Public Acts of 1996, sections 10f, 24c, 27a, 30c, and 34d as amended and section 27b as added by Act No. 415 of the Public Acts of 1994, section 131e as amended by Act No. 291 of the Public Acts of 1993, and section 154 as amended by Act No. 539 of the Public Acts of 1982, being sections 211.7k, 211.7cc, 211.7dd, 211.7ee, 211.10f, 211.24c, 211.27a, 211.27b, 211.30c, 211.34c, 211.34d, 211.61a, 211.131e, 211.140, 211.141, and 211.154 of the Michigan Compiled Laws, are amended and sections 27c and 27d are added to read as follows:

Sec. 7k. A facility for which an industrial facilities exemption certificate issued under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.572 of the Michigan Compiled Laws, is in effect, but not the land on which the facility is located or to be located, is exempt from taxation under this act for the period beginning on the effective date of the certificate and continuing as long as the industrial facilities exemption certificate is in force.

Sec. 7cc. (1) A homestead 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, Act No. 451 of the Public Acts of 1976, being section 380.1211 of the Michigan Compiled Laws, if an owner of that homestead claims an exemption as provided in this section.

Notwithstanding the tax day provided in section 2, the status of property as a homestead shall be determined on the date an affidavit claiming an exemption is filed under subsection (2).

(2) An owner of property may claim an exemption under this section by filing an affidavit on or before May 1 with the local tax collecting unit in which the property is located. The affidavit shall state that the property is owned and occupied as a homestead by that owner of the property on the date that the affidavit is signed. The affidavit shall be on a form prescribed by the department of treasury. Beginning in 1995, 1 copy of the affidavit shall be retained by the owner, 1 copy shall be retained by the local tax collecting unit until any appeal or audit period under this act has expired, and 1 copy shall be forwarded to the department of treasury pursuant to subsection (4), together with all information submitted under subsection (22) for a cooperative housing corporation. Beginning in 1995, the affidavit shall require the owner claiming the exemption to indicate if that owner has claimed another exemption on property in this state that is not rescinded. If the affidavit requires an owner to include a social security number, that owner's number is subject to the disclosure restrictions in Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws.

(3) A husband and wife who are required to file or who do file a joint Michigan income tax return are entitled to not more than 1 homestead exemption.

(4) Upon receipt of an affidavit filed under subsection (2) and unless the claim is denied under subsection (6), the assessor shall exempt the property from the collection of the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of Act No. 451 of the Public Acts of 1976 as provided in subsection (1) until December 31 of the year in which the property is transferred or is no longer a homestead as defined in section 7dd. The local tax collecting unit shall forward copies of affidavits to the department of treasury according to a schedule prescribed by the department of treasury.

(5) Not more than 90 days after exempted property is no longer used as a homestead by the owner claiming an exemption, that owner shall rescind the claim of exemption by filing with the local tax collecting unit a rescission form prescribed by the department of treasury. Beginning October 1, 1994, 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 Act No. 122 of the Public Acts of 1941, 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.

(6) If the assessor of the local tax collecting unit believes that the property for which an exemption is claimed is not the homestead of the owner claiming the exemption, effective for taxes levied after 1994 the assessor may deny a new or existing claim by notifying the owner and the department of treasury in writing of the reason for the denial and advising the owner that the denial may be appealed to the department of treasury within 35 days after the date of the notice. The denial shall be made on a form prescribed by the department of treasury. If the assessor of the local tax collecting unit believes that the property for which the exemption is claimed is not the homestead of the owner claiming the exemption, for taxes levied in 1994 the assessor may send a recommendation for denial for any affidavit that is forwarded to the department of treasury stating the reasons for the recommendation. If the assessor of the local tax collecting unit believes that the property for which the exemption is claimed is not the homestead of the owner claiming the exemption and has not denied the claim, for taxes levied after 1994 the assessor shall include a recommendation for denial with any affidavit that is forwarded to the department of treasury or, for an existing claim, shall send a recommendation for denial to the department of treasury, stating the reasons for the recommendation.

(7) The department of treasury shall determine if the property is the homestead of the owner claiming the exemption. The department of treasury may review the validity of exemptions for the current calendar year and for the 3 immediately preceding calendar years. If the department of treasury determines that the property is not the homestead of the owner claiming the exemption, the department shall send a notice of that determination to the local tax collecting unit and to the owner of the property claiming the exemption, indicating that the claim for exemption is denied, stating the reason for the denial, and advising the owner claiming the exemption of the right to appeal the determination to the department of treasury and what those rights of appeal are. The department of treasury may issue a notice denying a claim if an owner fails to respond within 30 days of receipt of a request for information from that department. An owner may appeal the denial of a claim of exemption to the department of treasury within 35 days of receipt of the notice of denial. An appeal to the department of treasury shall be conducted according to the provisions for an informal conference in section 21 of Act No. 122 of the Public Acts of 1941, being section 205.21 of the Michigan Compiled Laws. Within 10 days after acknowledging an appeal of a denial of a claim of exemption, the department of treasury shall notify the assessor and the treasurer for the county in which the property is located that an appeal has been filed. Upon receipt of a notice that the department of treasury has denied a claim for exemption, the assessor shall remove the exemption of the property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the denial and the local treasurer shall issue a corrected tax bill for previously unpaid taxes with interest and penalties computed based on the interest and penalties that would have accrued from the date the taxes were originally levied if there had not been an exemption. If the tax roll is in the county treasurer's possession, the tax roll shall be amended to reflect the denial and the county treasurer shall prepare and submit a supplemental tax bill for any additional taxes, together with any interest and penalties. For taxes levied in 1994 only, the county treasurer shall waive any interest and penalties due if the owner pays the supplemental tax bill not more than 30 days after the owner

receives the supplemental tax bill. Interest and penalties shall not be assessed for any period before February 14, 1995. However, if the property has been transferred to a bona fide purchaser before additional taxes were billed to the seller as a result of the denial of a claim for exemption, the taxes, interest, and penalties shall not be billed to the bona fide purchaser, and the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll shall notify the department of treasury of the amount of tax due and interest through the date of that notification. The department of treasury shall then assess the owner who claimed the homestead property tax exemption for the tax and interest plus penalty accruing as a result of the denial of the claim for exemption, if any, as for unpaid taxes provided under Act No. 122 of the Public Acts of 1941 and shall deposit any tax, interest, or penalty collected into the state school aid fund.

(8) An owner may appeal a final decision of the department of treasury to the residential and small claims division of the Michigan tax tribunal within 35 days of that decision. An assessor may appeal a final decision of the department of treasury to the residential and small claims division of the Michigan tax tribunal within 35 days of that decision if the assessor denied the exemption under subsection (6), or, for taxes levied in 1994 only, the assessor forwarded a recommendation for denial to the department of treasury under subsection (6). An owner is not required to pay the amount of tax in dispute in order to appeal a denial of a claim of exemption to the department of treasury or to receive a final determination of the residential and small claims division of the Michigan tax tribunal. However, interest and penalties except as provided in subsection (7), if any, shall accrue and be computed based on the interest and penalties that would have accrued from the date the taxes were originally levied as if there had not been an exemption.

(9) An affidavit filed by an owner for a homestead rescinds all previous exemptions filed by that owner for any other homestead. The department of treasury shall notify the assessor of the local tax collecting unit in which the property for which a previous exemption was claimed is located that the previous exemption is rescinded by the subsequent affidavit. Upon receipt of notice that an exemption is rescinded, the assessor of the local tax collecting unit shall remove the exemption effective December 31 of the year in which the property is transferred or is no longer a homestead as defined in section 7dd. The assessor of the local tax collecting unit in which that property is located shall notify the treasurer in possession of the tax roll for a year for which the exemption is rescinded. If the tax roll is in the local tax collecting unit's possession, the tax roll shall be amended to reflect the rescission and the local treasurer shall prepare and issue a corrected tax bill for previously unpaid taxes with interest and penalties computed based on the interest and penalties that would have accrued from the date the taxes were originally levied if there had not been an exemption for that year. If the tax roll is in the county treasurer's possession, the tax roll shall be amended to reflect the rescission and the county treasurer shall prepare and submit a supplemental tax bill for any additional taxes, together with any interest and penalties. However, if the property has been transferred to a bona fide purchaser, the taxes, interest, and penalties shall not be billed to the bona fide purchaser, and the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll shall notify the department of treasury of the amount of tax due and interest through the date of that notification. The department of treasury shall then assess the owner who received the homestead property tax exemption when the property was not a homestead as defined in section 7dd for the tax and interest plus penalty accruing, if any, as for unpaid taxes provided under Act No. 122 of the Public Acts of 1941 and shall deposit any tax, interest, or penalty collected into the state school aid fund.

(10) An owner of property for which a claim of exemption is rescinded may appeal that rescission with either the July or December board of review in either the year for which the exemption is rescinded or in the immediately succeeding year. If an appeal of a rescission of a claim for exemption is received not later than 5 days prior to the date of the December board of review, the local tax collecting unit shall convene a December board of review and consider the appeal pursuant to this section and section 53b. An owner of property for which a claim of exemption is rescinded may appeal the decision of the board of review to the residential and small claims division of the Michigan tax tribunal within 35 days of that decision.

(11) If the homestead is part of a unit in a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, an owner shall claim an exemption for only that portion of the total taxable value of the property used as the homestead of that owner in a manner prescribed by the department of treasury. If a portion of a parcel for which the owner claims an exemption is used for a purpose other than as a homestead, the owner shall claim an exemption for only that portion of the taxable value of the property used as the homestead of that owner in a manner prescribed by the department of treasury.

(12) When a county register of deeds records a transfer of ownership of a property, he or she shall notify the local tax collecting unit in which the property is located of the transfer.

(13) The department of treasury shall make available the affidavit forms and the forms to rescind an exemption, which may be on the same form, to all city and township assessors, county equalization officers, county registers of deeds, and closing agents. A person who prepares a closing statement for the sale of property shall provide affidavit and rescission forms to the buyer and seller at the closing and, if requested by the buyer or seller after execution by the buyer or seller, shall file the forms with the local tax collecting unit in which the property is located. If a closing statement preparer fails to provide homestead exemption affidavit and rescission forms to the buyer and seller, or fails to file the affidavit and rescission forms with the local tax collecting unit if requested by the buyer or seller, the buyer may appeal to the department of treasury within 30 days of notice to the buyer that an exemption was not recorded. If

the department of treasury determines that the buyer qualifies for the exemption, the department of treasury shall notify the assessor of the local tax collecting unit that the exemption is granted and the assessor of the local tax collecting unit or, if the tax roll is in the possession of the county treasurer, the county treasurer shall correct the tax roll to reflect the exemption. This subsection does not create a cause of action at law or in equity against a closing statement preparer who fails to provide homestead exemption affidavit and rescission forms to a buyer and seller or who fails to file the affidavit and rescission forms with the local tax collecting unit when requested to do so by the buyer or seller.

(14) An owner who owned and occupied a homestead on May 1 for which the exemption was not on the tax roll may file an appeal with the July board of review in the year for which the exemption was claimed or the immediately succeeding year or with the December board of review in the year for which the exemption was claimed or the immediately succeeding year. If an appeal of a claim for exemption that was not on the tax roll is received not later than 5 days prior to the date of the December board of review, the local tax collecting unit shall convene a December board of review and consider the appeal pursuant to this section and section 53b.

(15) In 1994 only, an owner who owns and occupies a homestead after May 1 and before October 3 for which an affidavit was not filed in 1994 may file an affidavit as provided in subsection (2) not later than October 3, 1994. Upon receipt, the assessor shall exempt the property from 50% of the number of mills levied in 1994 under section 1211 of Act No. 451 of the Public Acts of 1976 from which homesteads are exempt, not to exceed 50% of the total number of mills from which homesteads are exempt in 1994, on the December tax roll. If there is not a December levy of the tax under section 1211 of Act No. 451 of the Public Acts of 1976, the owner may appear in person or by mail before the December board of review and obtain a rebate as provided in section 53b of 50% of the number of mills levied in 1994 under section 1211 of Act No. 451 of the Public Acts of 1976 from which homesteads are exempt, not to exceed 50% of the total number of mills from which homesteads are exempt in 1994. If an affidavit is not filed as provided in this subsection, the owner may appear in person or by mail before the July or December board of review in 1994 or the July or December board of review in 1995 and obtain a rebate of 50% of the number of mills levied in 1994 under section 1211 of Act No. 451 of the Public Acts of 1976 from which homesteads are exempt, not to exceed 50% of the total number of mills from which homesteads are exempt in 1994. This subsection does not apply unless the 1994 assessment of the property is based on the valuation of a homestead or a portion of a structure that has become a homestead. An affidavit filed under this subsection is subject to all the provisions of this section.

(16) An owner who owns and occupies a homestead for which the exemption was on the tax roll in 1995 and each year after 1995 and for which an exemption was not on the tax roll in 1994 may appeal to the department of treasury before December 31, 1997 to have an exemption placed on the 1994 tax roll if all of the following conditions are satisfied:

(a) The owner owned and occupied that homestead on May 1, 1994 or the owner owned and occupied that homestead after May 1, 1994 but before October 3, 1994.

(b) If a claim of exemption was denied in 1994, the owner did not timely appeal that denial as provided in this section.

(c) The owner has owned and occupied that homestead since 1994.

(17) If the department of treasury grants a claim of exemption for 1994 under subsection (16), the county treasurer with possession of the tax roll being adjusted shall amend the 1994 tax roll to reflect the exemption and shall issue a corrected tax bill as follows:

(a) If the owner owned and occupied that homestead on May 1, 1994, that homestead is exempt from the tax levied in 1994 for school operating purposes to the extent provided under section 1211 of Act No. 451 of the Public Acts of 1976 pursuant to subsection (1).

(b) If the owner owned and occupied that homestead after May 1, 1994 but before October 3, 1994, that homestead is exempt from 50% of the number of mills levied in 1994 under section 1211 of Act No. 451 of the Public Acts of 1976 pursuant to subsection (14).

(18) If the department of treasury denies a claim of exemption for 1994 under subsection (16), an owner may appeal that denial to the residential and small claims division of the Michigan tax tribunal within 35 days of that denial.

(19) If the assessor or treasurer of the local tax collecting unit believes that the department of treasury erroneously denied a claim for exemption, the assessor or treasurer may submit written information supporting the owner's claim for exemption to the department of treasury within 35 days of the owner's receipt of the notice denying the claim for exemption. If, after reviewing the information provided, the department of treasury determines that the claim for exemption was erroneously denied, the department of treasury shall grant the exemption and the tax roll shall be amended to reflect the exemption.

(20) If granting the exemption under this section results in an overpayment of the tax, a rebate, including any interest paid, shall be made to the taxpayer 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 within 30 days of the date the exemption is granted. The rebate shall be without interest.

(21) If an exemption under this section is erroneously granted, an owner may request in writing that the department of treasury withdraw the exemption. If an owner requests that an exemption be withdrawn, the department of treasury shall issue an order notifying the local assessor that the exemption issued under this section has been denied based on

the 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 either the local assessor or the department of treasury 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.

(22) For tax years beginning on and after January 1, 1994, a cooperative housing corporation is entitled to a full or partial exemption under this section for the tax year in which the cooperative housing corporation files all of the following with the local tax collecting unit in which the cooperative housing corporation is located if filed on or before May 1 of the tax year, or for the tax year following the year in which all of the following are filed if filed after May 1 of the tax year:

(a) An affidavit form.

(b) A statement of the total number of units owned by the cooperative housing corporation and occupied as the principal residence of a tenant stockholder as of the date of the filing under this subsection.

(c) A list that includes the name, address, and social security number of each tenant stockholder of the cooperative housing corporation occupying a unit in the cooperative housing corporation as his or her principal residence as of the date of the filing under this subsection.

(d) A statement of the total number of units of the cooperative housing corporation on which an exemption under this section was claimed and that were transferred in the tax year immediately preceding the tax year in which the filing under this section was made.

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

(a) "Homestead" means that portion of a dwelling or unit in a multiple-unit dwelling that is subject to ad valorem taxes and is owned and occupied as a principal residence by an owner of the dwelling or unit. Homestead also includes all of an owner's unoccupied property classified as residential that is adjoining or contiguous to the dwelling subject to ad valorem taxes and that is owned and occupied as a principal residence by the owner. Contiguity is not broken by a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. Homestead also includes any portion of a principal residence of an owner that is rented or leased to another person as a residence as long as that portion of the principal residence that is rented or leased is less than 50% of the total square footage of living space in that principal residence. Homestead also includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.

(b) "Owner" means 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) A cooperative housing corporation.

(viii) A facility registered under Act No. 440 of the Public Acts of 1976.

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

(d) "Principal residence" means the 1 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.

(e) "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 part 361 (farmland and open space preservation) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being section 324.36101 of the Michigan Compiled Laws. Related buildings include a residence occupied by a person employed in or actively involved in the agricultural use and who has not claimed a homestead exemption on other property. 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. A parcel of property is devoted primarily to agricultural use only if more than 50% of the parcel's acreage is devoted to agricultural use. An owner shall not receive an exemption for that portion of the total state equalized valuation of the property that is used for a commercial or industrial purpose or that is a residence that is not a related building.

Sec. 7ee. (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, Act No. 451 of the Public Acts of 1976, being section 380.1211 of the Michigan Compiled Laws, according to the provisions of this section.

(2) Qualified agricultural property that is classified as agricultural under section 34c is exempt under subsection (1) and the owner is not required to file an affidavit claiming an exemption with the local tax collecting unit unless requested by the assessor to determine whether the property includes structures that are not exempt under this section. To claim an exemption under subsection (1) for qualified agricultural property that is not classified as agricultural under section 34c, the owner shall file an affidavit claiming the exemption with the local tax collecting unit by May 1. However, if an affidavit claiming a homestead exemption on qualified agricultural property not classified as agricultural was not filed by May 1 in 1994, the owner shall file an affidavit under this section by June 1, 1994.

(3) The affidavit shall be on a form prescribed by the department of treasury.

(4) For property classified as agricultural, and upon receipt of an affidavit filed under subsection (2) for property not classified as agricultural, the assessor shall determine if the property is qualified agricultural property and if so shall exempt the property from the collection of the tax as provided in subsection (1) until December 31 of the year in which the property is no longer qualified agricultural property as defined in section 7dd. An owner is required to file a new claim for exemption on the same property as requested by the assessor under subsection (2).

(5) 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. Beginning October 1, 1994, 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 Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws, 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.

(6) 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.

(7) 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, effective for taxes levied after 1994, 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.

(8) 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.

(9) An owner of qualified agricultural property for which an exemption was on the tax roll in 1995 and each year after 1995 and for which an exemption was not on the tax roll in 1994 may appeal to the July or December board of review in 1997 to have an exemption placed on the 1994 tax roll if all of the following conditions are satisfied:

(a) The qualified agricultural property was qualified agricultural property in 1994 and has been qualified agricultural property since 1994.

(b) The owner owned that qualified agricultural property on May 1, 1994.

(c) If a claim of exemption was denied in 1994, the owner did not timely appeal that denial as provided in this section.

(d) The owner has owned that qualified agricultural property since 1994.

(10) If the July or December board of review in 1997 grants a claim of exemption for 1994 under subsection (9), the county treasurer with possession of the tax roll being adjusted shall amend the 1994 tax roll to reflect the exemption and shall issue a corrected tax bill exempting that qualified agricultural property from the tax levied in 1994 for school operating purposes to the extent provided under section 1211 of Act No. 451 of the Public Acts of 1976 pursuant to subsection (1).

(11) If the July or December board of review in 1997 denies a claim of exemption for 1994 under subsection (9), an owner may appeal that denial to the residential and small claims division of the Michigan tax tribunal within 35 days of that denial.

Sec. 10f. (1) If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d. The commission shall consider the quality of the tax maps and appraisal records required by section 10e as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.

(2) If a certified assessment roll cannot be provided in sufficient time for a summer tax levy, or for the annual levy on December 1, the commission shall order the levy of interim taxes based on the tentative taxable value of individual properties as determined by the commission. Tentative taxable values shall be calculated pursuant to section 27a. State equalized values necessary to determine tentative taxable values shall be determined by the commission, sitting as the state board of equalization, apportioned to the local assessing unit by the county board of commissioners, and apportioned to each property in proportion to the assessed valuation entered in the current uncertified assessment roll. If there is no current assessment roll, the commission shall substitute the latest complete assessment roll for the current roll for the interim tax levy. The payment of a tax levied as an interim tax levy does not constitute a final and ultimate discharge of the taxpayer's liability for the tax levied against that property. An interim tax levy made under this subsection shall be clearly labeled as an "interim tax levy subject to adjustment after an assessment roll is certified".

(3) Within 30 days after the final determination by the commission of the assessed valuation and taxable value for each individual property listed on the assessment roll, the commission shall cause to be mailed a notice of the new assessment and new taxable value to each owner. An owner has the right to petition the tax tribunal directly for a hearing on the assessed valuation or taxable value within 30 days after the date of the notice in the same manner as provided under section 35 of the tax tribunal act, Act No. 186 of the Public Acts of 1973, being section 205.735 of the Michigan Compiled Laws. The notice shall specify each parcel of property, the assessed valuation for the current year, the assessed valuation for the immediately preceding year, the tentative taxable value for the current year, the taxable value for the immediately preceding year, the state equalized valuation for the immediately preceding year, the tentative state equalized valuation for the current year, the net change in the assessed valuation, the net change in the tentative taxable value, and the net change between the tentative state equalized valuation for the current year and the state equalized valuation for the immediately preceding year. The notice shall include a statement informing the owner that an appeal of the assessment or taxable value must be made within 30 days of the date of the assessment notice directly to the tax tribunal and shall also include information on how and where an appeal can be made.

(4) After the final determination of the state equalized valuations and taxable values by the commission, the assessing officer or, if there is no assessing officer, an agent designated by the commission shall determine the difference in tax, if any, between the interim levy and a levy made on the final taxable values as finally determined by the commission, which may be referred to as the "final levy". The final levy shall be at the rates that were approved and ordered spread for the year in which there was not a certified assessment roll.

(5) A difference in the tax determined in subsection (4) shall be reported to the county board of commissioners, which shall order that additional taxes or credits against individual properties be added to or subtracted from the next

succeeding annual tax roll, together with a proportionate share of the property tax administration fee, if a fee is charged, applicable to the difference.

(6) Additional taxes collected or credits against the tax liability made under this section shall be shared by taxing units in the respective proportions that they share the revenue received from the final levy.

(7) The commission shall render technical assistance if necessary to implement this section.

(8) The commission shall provide the tax tribunal with a certified copy of its orders and a copy of each final determination made under this section.

Sec. 24c. (1) The assessor shall give to each owner or person or persons listed on the assessment roll of the property a notice by first-class mail of an increase in the tentative state equalized valuation or the tentative taxable value for the year. The notice shall specify each parcel of property, the tentative taxable value for the current year and, beginning in 1996, the taxable value for the immediately preceding year. The notice shall also specify the time and place of the meeting of the board of review. Beginning in 1996, the notice shall also specify the difference between the property's tentative taxable value in the current year and the property's taxable value in the immediately preceding year.

(2) The notice shall include, in addition to the information required by subsection (1), all of the following:

(a) The state equalized valuation for the immediately preceding year.

(b) The tentative state equalized valuation for the current year.

(c) The net change between the tentative state equalized valuation for the current year and the state equalized valuation for the immediately preceding year.

(d) The classification of the property as defined by section 34c.

(e) The inflation rate for the immediately preceding year as defined in section 34d.

(f) A statement provided by the state tax commission explaining the relationship between state equalized valuation and taxable value. Beginning in 1996, if the assessor believes that a transfer of ownership has occurred in the immediately preceding year, the statement shall state that the ownership was transferred and that the taxable value of that property is the same as the state equalized valuation of that property.

(3) When required by the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being sections 206.1 to 206.532 of the Michigan Compiled Laws, the assessment notice shall include or be accompanied by information or forms prescribed by Act No. 281 of the Public Acts of 1967.

(4) The assessment notice shall be addressed to the owner according to the records of the assessor and mailed not less than 10 days before the meeting of the board of review. The failure to send or receive an assessment notice does not invalidate an assessment roll or an assessment on that property.

(5) The tentative state equalized valuation shall be calculated by multiplying the assessment by the tentative equalized valuation multiplier. If the assessor has made assessment adjustments that would have changed the tentative multiplier, the assessor may recalculate the multiplier for use in the notice.

(6) The state tax commission shall prepare a model assessment notice form that shall be made available to local units of government.

(7) Beginning in 1995, the assessment notice under subsection (1) shall include the following statement:

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

Sec. 27a. (1) Except as otherwise provided in this section, property shall be assessed at 50% of its true cash value under section 3 of article IX of the state constitution of 1963.

(2) Except as otherwise provided in subsection (3), for taxes levied in 1995 and for each year after 1995, the taxable value of each parcel of property is the lesser of the following:

(a) The property's taxable value in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions. For taxes levied in 1995, the property's taxable value in the immediately preceding year is the property's state equalized valuation in 1994.

(b) The property's current state equalized valuation.

(3) Upon a transfer of ownership of property after 1994, the property's taxable value for the calendar year following the year of the transfer is the property's state equalized valuation for the calendar year following the transfer.

(4) If the taxable value of property is adjusted under subsection (3), a subsequent increase in the property's taxable value is subject to the limitation set forth in subsection (2) until a subsequent transfer of ownership occurs.

(5) Assessment of property, as required in this section and section 27, is inapplicable to the assessment of property subject to the levy of ad valorem taxes within voted tax limitation increases to pay principal and interest on limited tax bonds issued by any governmental unit, including a county, township, community college district, or school district, before January 1, 1964, if the assessment required to be made under this act would be less than the assessment as state

equalized prevailing on the property at the time of the issuance of the bonds. This inapplicability shall continue until levy of taxes to pay principal and interest on the bonds is no longer required. The assessment of property required by this act shall be applicable for all other purposes.

(6) As used in this act, "transfer of ownership" means the conveyance of title to or a present interest in property, including the beneficial use of the property, the value of which is substantially equal to the value of the fee interest. Transfer of ownership of property includes, but is not limited to, the following:

(a) A conveyance by deed.

(b) A conveyance by land contract. The taxable value of property conveyed by a land contract executed after December 31, 1994 shall be adjusted under subsection (3) for the calendar year following the year in which the contract is entered into and shall not be subsequently adjusted under subsection (3) when the deed conveying title to the property is recorded in the office of the register of deeds in the county in which the property is located.

(c) A conveyance to a trust after December 31, 1994, except if the settlor or the settlor's spouse, or both, conveys the property to the trust and the sole present beneficiary or beneficiaries are the settlor or the settlor's spouse, or both.

(d) A conveyance by distribution from a trust, except if the distributee is the sole present beneficiary or the spouse of the sole present beneficiary, or both.

(e) A change in the sole present beneficiary or beneficiaries of a trust, except a change that adds or substitutes the spouse of the sole present beneficiary.

(f) A conveyance by distribution under a will or by intestate succession, except if the distributee is the decedent's spouse.

(g) A conveyance by lease if the total duration of the lease, including the initial term and all options for renewal, is more than 35 years or the lease grants the lessee a bargain purchase option. As used in this subdivision, "bargain purchase option" means the right to purchase the property at the termination of the lease for not more than 80% of the property's projected true cash value at the termination of the lease. After December 31, 1994, the taxable value of property conveyed by a lease with a total duration of more than 35 years or with a bargain purchase option shall be adjusted under subsection (3) for the calendar year following the year in which the lease is entered into. This subdivision does not apply to personal property except buildings described in section 14(6) and personal property described in section 8(h), (i), and (j). This subdivision does not apply to that portion of the property not subject to the leasehold interest conveyed.

(h) A conveyance of an ownership interest in a corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity if the ownership interest conveyed is more than 50% of the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity. Unless notification is provided under subsection (8), the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity shall notify the assessing officer on a form provided by the state tax commission not more than 45 days after a conveyance of an ownership interest that constitutes a transfer of ownership under this subdivision.

(i) A transfer of property held as a tenancy in common, except that portion of the property not subject to the ownership interest conveyed.

(j) A conveyance of an ownership interest in a cooperative housing corporation, except that portion of the property not subject to the ownership interest conveyed.

(7) Transfer of ownership does not include the following:

(a) The transfer of property from 1 spouse to the other spouse or from a decedent to a surviving spouse.

(b) A transfer from a husband, a wife, or a husband and wife creating or disjoining a tenancy by the entireties in the grantors or the grantor and his or her spouse.

(c) A transfer of that portion of property subject to a life estate or life lease retained by the transferor, until expiration or termination of the life estate or life lease. That portion of property transferred that is not subject to a life lease shall be adjusted under subsection (3).

(d) A transfer through foreclosure or forfeiture of a recorded instrument under chapter 31, 32, or 57 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being sections 600.3101 to 600.3280 and 600.5701 to 600.5785 of the Michigan Compiled Laws, or through deed or conveyance in lieu of a foreclosure or forfeiture, until the mortgagee or land contract vendor subsequently transfers the property. If a mortgagee does not transfer the property within 1 year of the expiration of any applicable redemption period, the property shall be adjusted under subsection (3).

(e) A transfer by redemption by the person to whom taxes are assessed of property previously sold for delinquent taxes.

(f) A conveyance to a trust if the settlor or the settlor's spouse, or both, conveys the property to the trust and the sole present beneficiary of the trust is the settlor or the settlor's spouse, or both.

(g) A transfer pursuant to a judgment or order of a court making or ordering a transfer, unless a specific monetary consideration is specified or ordered by the court for the transfer.

(h) A transfer creating or terminating a joint tenancy between 2 or more persons if at least 1 of the persons was an original owner of the property before the joint tenancy was initially created and, if the property is held as a joint tenancy at the time of conveyance, at least 1 of the persons was a joint tenant when the joint tenancy was initially created and that person has remained a joint tenant since the joint tenancy was initially created. A joint owner at the time of the last transfer of ownership of the property is an original owner of the property. For purposes of this subdivision, a person is an original owner of property owned by that person's spouse.

(i) A transfer for security or an assignment or discharge of a security interest.

(j) A transfer of real property or other ownership interests among members of an affiliated group. As used in this subsection, "affiliated group" means 1 or more corporations connected by stock ownership to a common parent corporation. Upon request by the state tax commission, a corporation shall furnish proof within 45 days that a transfer meets the requirements of this subdivision. A corporation that fails to comply with a request by the state tax commission under this subdivision is subject to a fine of \$200.00.

(k) Normal public trading of shares of stock or other ownership interests that, over any period of time, cumulatively represent more than 50% of the total ownership interest in a corporation or other legal entity and are traded in multiple transactions involving unrelated individuals, institutions, or other legal entities.

(l) A transfer of real property or other ownership interests among corporations, partnerships, limited liability companies, limited liability partnerships, or other legal entities if the entities involved are commonly controlled. Upon request by the state tax commission, a corporation, partnership, limited liability company, limited liability partnership, or other legal entity shall furnish proof within 45 days that a transfer meets the requirements of this subdivision. A corporation, partnership, limited liability company, limited liability partnership, or other legal entity that fails to comply with a request by the state tax commission under this subdivision is subject to a fine of \$200.00.

(m) A direct or indirect transfer of real property or other ownership interests resulting from a transaction that qualifies as a tax-free reorganization under section 368 of the internal revenue code of 1986, 26 U.S.C. 368. Upon request by the state tax commission, a property owner shall furnish proof within 45 days that a transfer meets the requirements of this subdivision. A property owner who fails to comply with a request by the state tax commission under this subdivision is subject to a fine of \$200.00.

(8) The register of deeds of the county where deeds or other title documents are recorded shall notify the assessing officer of the appropriate local taxing unit not less than once each month of any recorded transaction involving the ownership of property and shall make any recorded deeds or other title documents available to that county's tax or equalization department. Unless notification is provided under subsection (6), the buyer, grantee, or other transferee of the property shall notify the appropriate assessing office in the local unit of government in which the property is located of the transfer of ownership of the property within 45 days of the transfer of ownership, on a form prescribed by the state tax commission that states the parties to the transfer, the date of the transfer, the actual consideration for the transfer, and the property's parcel identification number or legal description. Forms filed in the assessing office of a local unit of government under this subsection shall be made available to the county tax or equalization department for the county in which that local unit of government is located. This subsection does not apply to personal property except buildings described in section 14(6) and personal property described in section 8(h), (i), and (j).

(9) As used in this section:

(a) "Additions" means that term as defined in section 34d.

(b) "Beneficial use" means the right to possession, use, and enjoyment of property, limited only by encumbrances, easements, and restrictions of record.

(c) "Inflation rate" means that term as defined in section 34d.

(d) "Losses" means that term as defined in section 34d.

Sec. 27b. (1) If the buyer, grantee, or other transferee in the immediately preceding transfer of ownership of property does not notify the appropriate assessing office as required by section 27a(8), the property's taxable value shall be adjusted under section 27a(3) and all of the following shall be levied:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) A penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

(2) The appropriate assessing officer shall certify for collection to the treasurer of the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll any additional taxes due under subsection (1)(a) and any penalty due under subsection (1)(c).

(3) The treasurer of the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll shall collect any taxes, interest, and penalty due pursuant to this section, and shall immediately prepare and submit a corrected tax bill for any additional taxes due under

subsection (1)(a) and any interest and penalty due under subsection (1)(b). A penalty due under subsection (1)(c) may be collected with the immediately succeeding regular tax bill.

(4) Any taxes, interest, and penalty collected pursuant to subsection (1)(a) and (b) shall be distributed in the same manner as other delinquent taxes, interest, and penalties are distributed under this act. Any penalty collected under subsection (1)(c) shall be distributed to the local tax collecting unit.

(5) The governing body of a local tax collecting unit may waive, by resolution, the penalty levied under subsection (1)(c).

(6) If the taxable value of property is increased under this section, the appropriate assessing officer shall immediately notify by first-class mail the owner of that property of that increase in taxable value. A buyer, grantee, or other transferee may appeal any increase in taxable value or the levy of any additional taxes, interest, and penalties under subsection (1) to the Michigan tax tribunal within 35 days of receiving the notice of the increase in the property's taxable value. An appeal under this subsection is limited to the issues of whether a transfer of ownership has occurred and correcting arithmetic errors. A dispute regarding the valuation of the property is not a basis for appeal under this subsection.

(7) If the taxable value of property is adjusted under subsection (1), the assessing officer making the adjustment shall file an affidavit with all officials responsible for determining assessment figures, rate of taxation, or mathematical calculations for that property within 30 days of the date the adjustment is made. The affidavit shall state the amount of the adjustment and the amount of additional taxes levied. The officials with whom the affidavit is filed shall correct all official records for which they are responsible to reflect the adjustment and levy.

Sec. 27c. If the buyer, grantee, or other transferee in any preceding transfer of ownership of property does not notify the appropriate assessing office as required by section 27a(8), a taxing unit may sue that buyer, grantee, or other transferee as provided in section 47 for all of the following:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) A penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

Sec. 27d. Not later than the fourth Monday in June in each year, the county equalization director for each county shall report all of the following to the state tax commission on a form prepared by the state tax commission:

(a) Total taxable value of all property in the county as of the fourth Monday in May in that year.

(b) Taxable value for each separately equalized class of property.

(c) Total taxable value of all property in the county for which a homestead exemption is granted under section 7cc or a qualified agricultural property exemption is granted under section 7ee.

(d) Total taxable value of all property in the county for which a homestead exemption has not been granted under section 7cc and a qualified agricultural property exemption has not been granted under section 7ee.

Sec. 30c. (1) If a taxpayer has the assessed value or taxable value reduced on his or her property as a result of a protest to the board of review under section 30, the assessor shall use that reduced amount as the basis for calculating the assessment in the immediately succeeding year. However, the taxable value of that property in a tax year immediately succeeding a transfer of ownership of that property is that property's state equalized valuation in the year following the transfer as calculated under this section.

(2) If a taxpayer appears before the tax tribunal during the same tax year for which the state equalized valuation, assessed value, or taxable value is appealed and has the state equalized valuation, assessed value, or taxable value of his or her property reduced pursuant to a final order of the tax tribunal, the assessor shall use the reduced state equalized valuation, assessed value, or taxable value as the basis for calculating the assessment in the immediately succeeding year. However, the taxable value of that property in a tax year immediately succeeding a transfer of ownership of that property is that property's state equalized valuation in the year following the transfer as calculated under this section.

(3) This section applies to an assessment established for taxes levied after January 1, 1994. This section does not apply to a change in assessment due to a protest regarding a claim of exemption.

Sec. 34c. (1) Not later than the first Monday in March in each year, the assessor shall classify every item of assessable property according to the definitions contained in this section. Following the March board of review, the assessor shall tabulate the total number of items and the valuations as approved by the board of review for each classification and for the totals of real and personal property in the local tax collecting unit. The assessor shall transmit to the county equalization department and to the state tax commission the tabulation of assessed valuations and other

statistical information the state tax commission considers necessary to meet the requirements of this act and Act No. 44 of the Public Acts of 1911, being sections 209.1 to 209.8 of the Michigan Compiled Laws.

(2) The classifications of assessable real property are described as follows:

(a) Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings, and parcels assessed to the department of natural resources and valued by the state tax commission. As used in this subdivision, "agricultural operations" means the following:

(i) Farming in all its branches, including cultivating soil.

(ii) Growing and harvesting any agricultural, horticultural, or floricultural commodity.

(iii) Dairying.

(iv) Raising livestock, bees, fish, fur-bearing animals, or poultry.

(v) Turf and tree farming.

(vi) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

(b) Commercial real property includes the following:

(i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.

(ii) Parcels used by fraternal societies.

(iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.

(c) Developmental real property includes parcels containing more than 5 acres without buildings, or more than 15 acres with a market value in excess of its value in use. Developmental real property may include farm land or open space land adjacent to a population center, or farm land subject to several competing valuation influences.

(d) Industrial real property includes the following:

(i) Platted or unplatted parcels used for manufacturing and processing purposes, with or without buildings.

(ii) Parcels used for utilities sites for generating plants, pumping stations, switches, substations, compressing stations, warehouses, rights-of-way, flowage land, and storage areas.

(iii) Parcels used for removal or processing of gravel, stone, or mineral ores, whether valued by the local assessor or by the state geologist.

(e) Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(f) Timber-cutover real property includes parcels that are stocked with forest products of merchantable type and size, cutover forest land with little or no merchantable products, and marsh lands or other barren land. However, when a typical purchase of this type of land is for residential or recreational uses, the classification shall be changed to residential.

(3) The classifications of assessable personal property are described as follows:

(a) Agricultural personal property includes farm buildings on leased land and any agricultural equipment and produce not exempt by law.

(b) Commercial personal property includes the following:

(i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.

(ii) Outdoor advertising signs and billboards.

(iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.

(iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

(v) Commercial buildings on leased land.

(c) Industrial personal property includes the following:

(i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.

(ii) Industrial buildings on leased land.

(iii) Personal property of mining companies valued by the state geologist.

(d) Residential personal property includes a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

(e) Utility personal property includes the following:

(i) Electric transmission and distribution systems, substation equipment, spare parts, gas distribution systems, and water transmission and distribution systems.

(ii) Oil wells and allied equipment such as tanks, gathering lines, field pump units, and buildings.

(iii) Inventories not exempt by law.

(iv) Gas wells with allied equipment and gathering lines.

(v) Oil or gas field equipment stored in the open or in warehouses such as drilling rigs, motors, pipes, and parts.

(vi) Gas storage equipment.

(vii) Transmission lines of gas or oil transporting companies.

(viii) Utility buildings on leased land.

(4) Buildings on leased land of any classification are improvements where the owner of the improvement is not the owner of the land or fee and has not bound himself or herself to pay taxes levied against the land or fee and the improvement has been assessed as personal property pursuant to section 14(6).

(5) If the total usage of a parcel includes more than 1 classification, the assessor shall determine the classification that most significantly influences the total valuation of the parcel.

(6) An owner of any assessable property who disputes the classification of that parcel shall notify the assessor and may protest the assigned classification to the March board of review. An owner or assessor may appeal the decision of the March board of review by filing a petition with the state tax commission not later than June 30 in that tax year. The state tax commission shall arbitrate the petition based on the written petition and the written recommendations of the assessor and the state tax commission staff. An appeal may not be taken from the decision of the state tax commission regarding classification complaint petitions and the state tax commission's determination is final and binding for the year of the petition.

(7) The department of treasury may appeal the classification of any assessable property to the residential and small claims division of the Michigan tax tribunal not later than December 31 in the tax year for which the classification is appealed.

(8) This section shall not be construed to encourage the assessment of property at other than the uniform percentage of true cash value prescribed by this act.

Sec. 34d. (1) As used in this section or section 27a, or section 3 or 31 of article IX of the state constitution of 1963:

(a) For taxes levied before 1995, "additions" means all increases in value caused by new construction or a physical addition of equipment or furnishings, and the value of property that was exempt from taxes or not included on the assessment unit's immediately preceding year's assessment roll.

(b) For taxes levied after 1994, "additions" means, except as provided in subdivision (c), all of the following:

(i) Omitted real property. As used in this subparagraph, "omitted real property" means previously existing tangible real property not included in the assessment. Omitted real property shall not increase taxable value as an addition unless the assessing jurisdiction has a property record card or other documentation showing that the omitted real property was not previously included in the assessment. The assessing jurisdiction has the burden of proof in establishing whether the omitted real property is included in the assessment. Omitted real property for the current and the 2 immediately preceding years, discovered after the assessment roll has been completed, shall be added to the tax roll pursuant to the procedures established in section 154. For purposes of determining the taxable value of real property under section 27a, the value of omitted real property is based on the value and the ratio of taxable value to true cash value the omitted real property would have had if the property had not been omitted.

(ii) Omitted personal property. As used in this subparagraph, "omitted personal property" means previously existing tangible personal property not included in the assessment. Omitted personal property shall be added to the tax roll pursuant to section 154.

(iii) New construction. As used in this subparagraph, "new construction" means property not in existence on the immediately preceding tax day and not replacement construction. New construction includes the physical addition of equipment or furnishings, subject to the provisions set forth in section 27(2)(a) to (o). For purposes of determining the taxable value of property under section 27a, the value of new construction is the true cash value of the new construction multiplied by 0.50.

(iv) Previously exempt property. As used in this subparagraph, "previously exempt property" means property that was exempt from ad valorem taxation under this act on the immediately preceding tax day but is subject to ad valorem taxation on the current tax day under this act. For purposes of determining the taxable value of real property under section 27a:

(A) The value of property previously exempt under section 7u is the taxable value the entire parcel of property would have had if that property had not been exempt, minus the product of the entire parcel's taxable value in the immediately preceding year and the lesser of 1.05 or the inflation rate.

(B) The taxable value of property that is a facility as that term is defined in section 2 of Act No. 198 of the Public Acts of 1974, being section 207.552 of the Michigan Compiled Laws, that was previously exempt under section 7k is the taxable value that property would have had under this act if it had not been exempt.

(C) The value of property previously exempt under any other section of law is the true cash value of the previously exempt property multiplied by 0.50.

(v) Replacement construction. As used in this subparagraph, "replacement construction" means construction that replaced property damaged or destroyed by accident or act of God and that occurred after the immediately preceding tax day to the extent the construction's true cash value does not exceed the true cash value of property that was damaged or destroyed by accident or act of God in the immediately preceding 3 years. For purposes of determining the taxable value of property under section 27a, the value of the replacement construction is the true cash value of the replacement construction multiplied by a fraction the numerator of which is the taxable value of the property to which the construction was added in the immediately preceding year and the denominator of which is the true cash value of the property to which the construction was added in the immediately preceding year, and then multiplied by the lesser of 1.05 or the inflation rate.

(vi) An increase in taxable value attributable to the complete or partial remediation of environmental contamination existing on the immediately preceding tax day. The department of environmental quality shall determine the degree of remediation based on information available in existing department of environmental quality records or information made available to the department of environmental quality if the appropriate assessing officer for a local tax collecting unit requests that determination. The increase in taxable value attributable to the remediation is the increase in true cash value attributable to the remediation multiplied by a fraction the numerator of which is the taxable value of the property had it not been contaminated and the denominator of which is the true cash value of the property had it not been contaminated.

(vii) An increase in the value attributable to the property's occupancy rate if either a loss, as that term is defined in this section, had been previously allowed because of a decrease in the property's occupancy rate or if the value of new construction was reduced because of a below-market occupancy rate. For purposes of determining the taxable value of property under section 27a, the value of an addition for the increased occupancy rate is the product of the increase in the true cash value of the property attributable to the increased occupancy rate multiplied by a fraction the numerator of which is the taxable value of the property in the immediately preceding year and the denominator of which is the true cash value of the property in the immediately preceding year, and then multiplied by the lesser of 1.05 or the inflation rate.

(viii) Public services. As used in this subparagraph, "public services" means water service, sewer service, a primary access road, natural gas service, electrical service, telephone service, sidewalks, or street lighting. For purposes of determining the taxable value of real property under section 27a, the value of public services is the amount of increase in true cash value of the property attributable to the available public services multiplied by 0.50 and shall be added in the calendar year following the calendar year when those public services are initially available.

(c) For taxes levied after 1994, additions do not include increased value attributable to any of the following:

(i) Platting, splits, or combinations of property.

(ii) A change in the zoning of property.

(iii) For the purposes of the calculation of the millage reduction fraction under subsection (7) only, increased taxable value under section 27a(3) after a transfer of ownership of property.

(d) "Assessed valuation of property as finally equalized" means taxable value under section 27a.

(e) "Financial officer" means the officer responsible for preparing the budget of a unit of local government.

(f) "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States department of labor, bureau of labor statistics.

(g) For taxes levied before 1995, "losses" means a decrease in value caused by the removal or destruction of real or personal property and the value of property taxed in the immediately preceding year that has been exempted or removed from the assessment unit's assessment roll.

(h) For taxes levied after 1994, "losses" means, except as provided in subdivision (i), all of the following:

(i) Property that has been destroyed or removed. For purposes of determining the taxable value of property under section 27a, the value of property destroyed or removed is the product of the true cash value of that property multiplied by a fraction the numerator of which is the taxable value of that property in the immediately preceding year and the denominator of which is the true cash value of that property in the immediately preceding year.

(ii) Property that was subject to ad valorem taxation under this act in the immediately preceding year that is now exempt from ad valorem taxation under this act. For purposes of determining the taxable value of property under section 27a, the value of property exempted from ad valorem taxation under this act is the amount exempted.

(iii) An adjustment in value, if any, because of a decrease in the property's occupancy rate, to the extent provided by law. For purposes of determining the taxable value of real property under section 27a, the value of a loss for a decrease in the property's occupancy rate is the product of the decrease in the true cash value of the property attributable to the decreased occupancy rate multiplied by a fraction the numerator of which is the taxable value of the property in the immediately preceding year and the denominator of which is the true cash value of the property in the immediately preceding year.

(iv) A decrease in taxable value attributable to environmental contamination existing on the immediately preceding tax day. The department of environmental quality shall determine the degree to which environmental contamination limits the use of property based on information available in existing department of environmental quality records or information made available to the department of environmental quality if the appropriate assessing officer for a local tax collecting unit requests that determination. The department of environmental quality's determination of the degree to which environmental contamination limits the use of property shall be based on the criteria established for the classifications set forth in section 20120a(1) of part 201 (environmental remediation) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being section 324.20120a of the Michigan Compiled Laws. The decrease in taxable value attributable to the contamination is the decrease in true cash value attributable to the contamination multiplied by a fraction the numerator of which is the taxable value of the property had it not been contaminated and the denominator of which is the true cash value of the property had it not been contaminated.

(i) For taxes levied after 1994, losses do not include decreased value attributable to either of the following:

(i) Platting, splits, or combinations of property.

(ii) A change in the zoning of property.

(j) "New construction and improvements" means additions less losses.

(k) "Current year" means the year for which the millage limitation is being calculated.

(l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

(2) On or before the first Monday in May of each year, the assessing officer of each township or city shall tabulate the tentative taxable value as approved by the local board of review and as modified by county equalization for each classification of property that is separately equalized for each unit of local government and provide the tabulated tentative taxable values to the county equalization director. The tabulation by the assessing officer shall contain additions and losses for each classification of property that is separately equalized for each unit of local government or part of a unit of local government in the township or city. If as a result of state equalization the taxable value of property changes, the assessing officer of each township or city shall revise the calculations required by this subsection on or before the Friday following the fourth Monday in May. The county equalization director shall compute these amounts and the current and immediately preceding year's taxable values for each classification of property that is separately equalized for each unit of local government that levies taxes under this act within the boundary of the county. The county equalization director shall cooperate with equalization directors of neighboring counties, as necessary, to make the computation for units of local government located in more than 1 county. The county equalization director shall calculate the millage reduction fraction for each unit of local government in the county for the current year. The financial officer for each taxing jurisdiction shall calculate the compounded millage reduction fractions beginning in 1980 resulting from the multiplication of successive millage reduction fractions and shall recognize a local voter action to increase the compounded millage reduction fraction to a maximum of 1 as a new beginning fraction. Upon request of the superintendent of the intermediate school district, the county equalization director shall transmit the complete computations of the taxable values to the superintendent of the intermediate school district within that county. At the request of the presidents of community colleges, the county equalization director shall transmit the complete computations of the taxable values to the presidents of community colleges within the county.

(3) On or before the first Monday in June of each year, the county equalization director shall deliver the statement of the computations signed by the county equalization director to the county treasurer.

(4) On or before the second Monday in June of each year, the treasurer of each county shall certify the immediately preceding year's taxable values, the current year's taxable values, the amount of additions and losses for the current year, and the current year's millage reduction fraction for each unit of local government that levies a property tax in the county.

(5) The financial officer of each unit of local government shall make the computation of the tax rate using the data certified by the county treasurer and the state tax commission. At the annual session in October, the county board of commissioners shall not authorize the levy of a tax unless the governing body of the taxing jurisdiction has certified that the requested millage has been reduced, if necessary, in compliance with section 31 of article IX of the state constitution of 1963.

(6) The number of mills permitted to be levied in a tax year is limited as provided in this section pursuant to section 31 of article IX of the state constitution of 1963. A unit of local government shall not levy a tax rate greater than the rate determined by reducing its maximum rate or rates authorized by law or charter by a millage reduction fraction as provided in this section without voter approval.

(7) A millage reduction fraction shall be determined for each year for each local unit of government. For ad valorem property taxes that became a lien before January 1, 1983, the numerator of the fraction shall be the total state equalized valuation for the immediately preceding year multiplied by the inflation rate and the denominator of the fraction shall be the total state equalized valuation for the current year minus new construction and improvements. For ad valorem property taxes that become a lien after December 31, 1982 and through December 31, 1994, the numerator of the fraction shall be the product of the difference between the total state equalized valuation for the immediately preceding year minus losses multiplied by the inflation rate and the denominator of the fraction shall be the total state equalized valuation for the current year minus additions. For ad valorem property taxes that are levied after December 31, 1994, the numerator of the fraction shall be the product of the difference between the total taxable value for the immediately preceding year minus losses multiplied by the inflation rate and the denominator of the fraction shall be the total taxable value for the current year minus additions. For each year after 1993, a millage reduction fraction shall not exceed 1.

(8) The compounded millage reduction fraction for each year after 1980 shall be calculated by multiplying the local unit's previous year's compounded millage reduction fraction by the current year's millage reduction fraction. Beginning with 1980 tax levies, the compounded millage reduction fraction for the year shall be multiplied by the maximum millage rate authorized by law or charter for the unit of local government for the year, except as provided by subsection (9). A compounded millage reduction fraction shall not exceed 1.

(9) The millage reduction shall be determined separately for authorized millage approved by the voters. The limitation on millage authorized by the voters on or before May 31 of a year shall be calculated beginning with the millage reduction fraction for that year. Millage authorized by the voters after May 31 shall not be subject to a millage reduction until the year following the voter authorization which shall be calculated beginning with the millage reduction fraction for the year following the authorization. The first millage reduction fraction used in calculating the limitation on millage approved by the voters after January 1, 1979 shall not exceed 1.

(10) A millage reduction fraction shall be applied separately to the aggregate maximum millage rate authorized by a charter and to each maximum millage rate authorized by state law for a specific purpose.

(11) A unit of local government may submit to the voters for their approval the levy in that year of a tax rate in excess of the limit set by this section. The ballot question shall ask the voters to approve the levy of a specific number of mills in excess of the limit. The provisions of this section do not allow the levy of a millage rate in excess of the maximum rate authorized by law or charter. If the authorization to levy millage expires after 1993 and a local governmental unit is asking voters to renew the authorization to levy the millage, the ballot question shall ask for renewed authorization for the number of expiring mills as reduced by the millage reduction required by this section. If the election occurs before June 1 of a year, the millage reduction is based on the immediately preceding year's millage reduction applicable to that millage. If the election occurs after May 31 of a year, the millage reduction shall be based on that year's millage reduction applicable to that millage had it not expired.

(12) A reduction or limitation under this section shall not be applied to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued that were authorized before December 23, 1978, as provided by former section 4 of chapter I of the municipal finance act, Act No. 202 of the Public Acts of 1943, or to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued that are approved by the voters after December 22, 1978.

(13) If it is determined subsequent to the levy of a tax that an incorrect millage reduction fraction has been applied, the amount of additional tax revenue or the shortage of tax revenue shall be deducted from or added to the next regular tax levy for that unit of local government after the determination of the authorized rate pursuant to this section.

(14) If as a result of an appeal of county equalization or state equalization the taxable value of a unit of local government changes, the millage reduction fraction for the year shall be recalculated. The financial officer shall effectuate an addition or reduction of tax revenue in the same manner as prescribed in subsection (13).

(15) The fractions calculated pursuant to this section shall be rounded to 4 decimal places, except that the inflation rate shall be computed by the state tax commission and shall be rounded to 3 decimal places. The state tax commission shall publish the inflation rate before March 1 of each year.

(16) Beginning with taxes levied in 1994, the millage reduction required by section 31 of article IX of the state constitution of 1963 shall permanently reduce the maximum rate or rates authorized by law or charter. The reduced maximum authorized rate or rates for 1994 shall equal the product of the maximum rate or rates authorized by law or charter before application of this section multiplied by the compound millage reduction applicable to that millage in 1994 pursuant to subsections (8) to (12). The reduced maximum authorized rate or rates for 1995 and each year after 1995 shall equal the product of the immediately preceding year's reduced maximum authorized rate or rates multiplied by

the current year's millage reduction fraction and shall be adjusted for millage for which authorization has expired and new authorized millage approved by the voters pursuant to subsections (8) to (12).

Sec. 61a. (1) Immediately after the state treasurer files a petition and list or schedule of delinquent tax lands with a county clerk under section 61 and not less than 30 days before the date fixed for the annual tax sale, the county treasurer of each county in which a petition is filed shall send a notice to each person who, according to the records of his or her office, has an interest in a piece or parcel of land upon which taxes are then delinquent, and which are subject to sale at the next ensuing annual tax sale.

(2) The county treasurer shall mail the notice by first-class mail, address correction requested, to each person, directed to his or her last known post office address with postage fully prepaid.

(3) The notice shall be in substantially the following form:

Office of the county treasurer of
..... county, Michigan.

You are hereby notified that the annual tax sale of lands for delinquent taxes of 19...., and prior years for the county of, will be made at the county treasurer's office of county at the county seat of county, on the day of May, 19.... . According to the records of this office the following described property is assessed to you and certain years' taxes on that property appear to be unpaid as stated below.

Description of land:

.....

Amount of delinquent taxes unpaid for the year 19...., \$..... . If the taxes on the above mentioned property is not paid before the date on which the annual tax sale is to be held, then that property will be sold for the delinquent taxes stated above. Any person with an interest in this property has a right to be heard at the circuit court hearing authorizing the tax sale. This hearing will be held on the day of, 19...., at (time), at (place of hearing). To be heard, you must file written objections in advance, as provided by law.

Very truly yours,

.....
County Treasurer.

(4) The cost of mailing the notices shall be paid to the county treasurer out of the general or contingent fund of each county on allowance by the county board of commissioners or board of county auditors.

(5) Failure to receive or serve the notice shall not invalidate the proceedings taken under the state treasurer's petition and decree of the circuit court in foreclosure and sale of the lands for taxes.

Sec. 131e. (1) The redemption period on property deeded to the state under section 67a shall be extended until the owners of a recorded property interest in the property have been notified of a hearing before the department of treasury. Proof of the notice of the hearing shall be recorded with the register of deeds in the county in which the property is located.

(2) The hearing shall be held to allow the owners to show cause why the tax sale and the deed to the state should be canceled for any reason specified in section 98. The hearing shall be held after the expiration of the redemption periods provided in section 131c.

(3) After expiration of the redemption periods provided in section 131c, on the first Tuesday in November after title to the property vests in this state, property may be redeemed up to 30 days following the date of hearing provided by this section by payment of the amounts set forth in subsection (4) and in section 131c(1), plus an additional penalty of 50% of the tax on which foreclosure was made. The additional penalty shall be credited to the delinquent property tax administration fund. A redemption under this section shall reinstate title as provided in section 131c(4).

(4) If property redeemed under this section has been exempt from taxes levied in any year after the year of foreclosure because a deed to that property was issued to the state, an amount equal to the sum of the following amounts shall be paid, as required by subsection (3), before redemption of the property:

(a) For taxes and ad valorem special assessments levied before January 1, 1997, an amount computed by applying the special assessment and ad valorem property tax rates levied by taxing units in which the property is located in the years the property was exempt against the most recently established state equalized valuation of the property. For taxes and ad valorem special assessments levied after December 31, 1996, an amount computed by applying the special assessment and ad valorem property tax rates levied by taxing units in which the property is located in the years the property was exempt against the most recently established taxable value of the property. For purposes of this subsection, special assessments do not include special assessments or special assessment installments deferred under section 67a.

(b) If the levy of an ad valorem special assessment on the property's taxable value is found to be invalid by a court of competent jurisdiction, the levy of the ad valorem special assessment may be levied on the property's state equalized value.

(c) Interest on the delinquent taxes or special assessments to be computed from the date title vested in the state to the date of the application to redeem under this section.

(d) Interest and penalties on taxes and special assessments identified by subdivision (a) that would have been imposed by law or charter and would have accrued if the property had not been exempt, computed from the date title vested in the state to the date of the application to redeem under this section.

(5) The department shall give preference to notification and scheduling of hearings for property identified as certified special residential property under section 55a.

Sec. 140. (1) A writ of assistance or other process for the possession of property the title to which was obtained by or through a tax sale, except if title is obtained under section 131, shall not be issued until 6 months after the sheriff of the county where the property is located files a return of service with the county treasurer of that county showing service of the notice prescribed in subsection (2). The return shall indicate that the sheriff made personal or substituted service of the notice on the following persons who were, as of the date the notice was delivered to the sheriff for service:

(a) The last grantee or grantees in the regular chain of title of the property, or of an interest in the property, according to the records of the county register of deeds.

(b) The person or persons in actual open possession of the land.

(c) The grantee or grantees under the tax deed issued by the state treasurer for the latest year's taxes according to the records of the county register of deeds.

(d) The mortgagee or mortgagees named in all undischarged recorded mortgages, or assignees of record.

(e) The holder of record of all undischarged recorded liens.

(2) The notice served shall be in substantially the following form:

"To the owner or owners of any and all interests in or liens upon the property described:

Take notice: Sale was lawfully made of the following described property for unpaid taxes on that property, and that the undersigned has title to the property under tax deed or deeds issued for the property. You are entitled to a reconveyance of this property within 6 months after return of service of this notice, upon payment to the treasurer of the county in which the property is located, of all sums paid for the tax sale purchase, together with 50% in addition, and the fees of the sheriff for the service or cost of publication of this notice. The service or publication costs shall be the same as for personal service of a summons on commencing a civil action, without other additional cost or charge. If payment as described in this notice is not made, the undersigned will institute proceedings for possession of the property.

Description amount paid taxes
for 1

(Signed)

Place of business....."

(3) If the grantee or grantees, or the person or persons holding the interest in the land as described in subsection (1) are residents of a county of this state other than the county in which the land is situated, the notice shall be served on that person by the sheriff of the county in which that person or persons reside or may be found. If a person entitled to notice under subsection (1) is not a resident of this state, the sheriff, if the post office address of the person can be ascertained, shall send to the nonresident person a copy of the notice by certified mail, and attach the receipt indicating postal delivery of the notice to the return and file the return with the county treasurer's office. If service on the nonresident is not made by mail, the sheriff shall cause a copy of the notice to be served personally on the nonresident, and when the notice is personally served outside of this state, proof of service shall be made by affidavit of the person making service, which affidavit shall be made before a notary public or other officer authorized to administer oaths. The affidavit, when made outside of this state, shall have attached a certificate of the clerk of the court of record, certifying to the official character of the officer or notary, and the genuineness of the signature of the officer or notary to the jurat of the affidavit, and the sheriff shall return this proof of personal service with the return to the county treasurer's office.

(4) If a person entitled to notice as prescribed in subsection (1) is dead, or if a person's estate is under control of a trustee or guardian, the notice may be served upon the executor or administrator of the decedent's estate, or upon the decedent's heirs if there is not an executor or administrator, or upon the trustee or guardian of an incompetent person, with the same effect as if served upon the grantee, mortgagee, or assignee.

(5) If the sheriff of the county where the property is located is unable, after careful inquiry, to ascertain the whereabouts or the post office address of the persons on whom notice may be served as prescribed in this section, service of the notice shall be made by publication. The notice shall be published for 4 successive weeks, once each week, in a newspaper published and circulated in the county where the property is located, if there is one. If no paper is

published in that county, publication shall be made in a newspaper published and circulated in an adjoining county, and proof of publication, by affidavit of the printer or publisher of the newspaper, shall be filed with the county treasurer. This publication shall be instead of personal service upon the person or persons whose whereabouts or post office address cannot be ascertained as set forth in subsection (3).

(6) Service may be made on a resident of this state by leaving the notice at that person's usual place of residence with a member of that person's family of mature age. Service may be made on a nonresident of this state by serving the notice on the nonresident personally while in this state, and the return shall be made by the sheriff of the county in which service was made.

(7) A corporation formed under the laws of this state shall be regarded, for the purposes of this act, as a resident of the county in this state in which the corporation maintains its principal or registered office for the transaction of business in this state, as indicated by the corporation's articles of incorporation. Service on a corporation may be made on the president, secretary, treasurer, or resident agent of the corporation, or by leaving the notice at the principal or registered office of the corporation with a person in charge of the office. If the sheriff of the county in which the principal or registered office of the corporation is located indicates on the return that upon careful inquiry the sheriff was unable to find the office or a president, secretary, treasurer, or resident agent of the corporation in that county, service of the notice may be made on the corporation by publication as set forth in subsection (5). This section applies to a corporation whether or not the corporation's term of existence has expired. A foreign corporation doing business in this state with a registered agent in this state to accept service of process as required by law is regarded, for the purposes of this act, as a resident of the county in which its registered office is located. Service on a foreign corporation may be made on the resident agent or by certified mail addressed to the corporation at its home office.

(8) Service as prescribed in this section may be made by a sheriff, undersheriff, or deputy sheriff. The sheriff shall, in the return of service, state the time when the notice was delivered to the sheriff for service, and the return shall be prima facie evidence of the facts stated in the return.

Sec. 141. (1) The following people are entitled to receive from a person claiming title under a tax deed, or that person's heirs or assigns, within 6 months after the return of service is filed or the proof of publication of the notice is filed as prescribed in section 140, a release and quitclaim of all right and interest in the property acquired under the tax deed upon payment to the treasurer of the county in which the land is situated the amount paid for the purchase, together with an additional 50%, and personal or substituted service fees, which fees shall be the same as provided by law for service of subpoenas, for orders of publication, or for the cost of service by certified mail, without additional cost or charge:

- (a) A person with an estate in the property.
- (b) A person with an interest in the property, either in fee, for life, or for years.
- (c) A mortgagee of the property.
- (d) An assignee of an undischarged mortgage on the property.
- (e) A person who holds a lien on the property.
- (f) An executor, administrator, trustee, or guardian of a person set forth in subdivisions (a) through (e).
- (g) A person in actual possession of the property.

(2) A person or persons entitled to a release and quitclaim under subsection (1), after the issue of tax deeds on the property, or after the purchaser of the property is entitled to the tax deeds, and before service of notice or return of service, shall have the right to redeem the property from the sale. Redemption shall be made by paying to the treasurer of the county in which the property is situated, all sums paid as a condition of the purchase, together with an additional 50%. Upon payment, the tax title and all the certificates of sale shall become void and of no effect against the property to be redeemed.

(3) If payment is made as provided in this section, the county treasurer shall immediately notify the owner of the tax title or the owner of the certificates of sale of the payment, and the owner of the tax title or of the certificates of sale shall immediately deliver to the treasurer a release and quitclaim of all rights acquired by the owner under the tax purchase, running to the person making the payment, and shall also deliver to the treasurer the tax deed, certificates of purchase, tax receipts, and all other conveyances relating to the tax title or tax interest before that person is entitled to receive the money paid to the treasurer as provided in this section. Upon delivery of the release and quitclaim, the certificates of purchase, and the tax receipts, the treasurer shall immediately pay to the owner of the tax title all sums received by the treasurer for redemption of the land described in the release and quitclaim, certificates, and receipts.

(4) A quitclaim or reconveyance made under this section does not vest in the grantee title or interest in the property beyond that already owned by the grantee. The grantee is entitled to a lien on the property, or on parts of the property or interests in it not owned by the grantee, for the amount paid, or the portion of the amount paid that is lawfully chargeable to the parts or interests, in addition to the prior lien or other interest held by the grantee. A lien under this section may be enforced in a court of competent jurisdiction, with interest on the lien at the rate of 6% per annum from the date of the payment. The circuit court of the county in which the property is located has jurisdiction to enforce the liens provided for in this section without regard to the amount of the liens.

(5) An application for a writ of assistance shall show that the applicant has complied with the provisions of this act regarding the giving of notice. The applicant shall attach to the application a copy of the notice and the return of the sheriff serving the notice, or a copy of the proof of publication, or a receipt from the post office showing that the notice was served by certified mail.

Sec. 154. (1) If the state tax commission determines that property liable to taxation, including property subject to taxation under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.572 of the Michigan Compiled Laws, Act No. 282 of the Public Acts of 1905, being sections 207.1 to 207.21 of the Michigan Compiled Laws, Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws, and the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, has been incorrectly reported or omitted for any previous year, but not to exceed the current assessment year and 2 years immediately preceding the date of discovery and disclosure to the state tax commission of the incorrect reporting or omission, the state tax commission shall place the corrected assessment value for the appropriate years on the appropriate current assessment roll. The commission shall certify to the treasurer who has possession of the appropriate current tax roll the amount of taxes due as computed by the correct annual rate of taxation for each year except the current year. Taxes computed under this section shall not be spread against the property for a period before the last change of ownership of the property.

(2) If assessment changes made under this section result in increased property taxes, the additional taxes shall be collected in the same manner, at the same time, and with the same property tax administration fees, penalties, and interest as the current year's taxes.

(3) If assessment changes made under this section result in a decreased tax liability, a refund of excess tax payments shall be made by the county treasurer and shall include interest at the rate of 1% per month or fraction of a month for taxes levied before January 1, 1997 and interest at the rate provided under section 37 of the tax tribunal act, Act No. 186 of the Public Acts of 1973, being section 205.737 of the Michigan Compiled Laws, for taxes levied after December 31, 1996, from the date of the payment of the tax to the date of the payment of the refund. A refund of excess tax payments under this subsection shall be charged by the county treasurer to the various taxing jurisdictions in the same proportion as the taxes levied.

(4) A person to whom property is assessed under this section may appeal a determination of the state tax commission to the Michigan tax tribunal.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved _____

Governor.