

**SUBSTITUTE FOR
HOUSE BILL NO. 5168**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7cc, 7ee, and 24c (MCL 211.7cc, 211.7ee, and
211.24c), sections 7cc and 24c as amended by 2003 PA 140 and
section 7ee as amended by 2003 PA 105.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes
3 to the extent provided under section 1211 of the revised school
4 code, 1976 PA 451, MCL 380.1211, if an owner of that principal
5 residence claims an exemption as provided in this section.
6 Notwithstanding the tax day provided in section 2, ~~for taxes~~
7 ~~levied before January 1, 2004,~~ the status of property as a
8 principal residence shall be determined on the date an affidavit
9 claiming an exemption is filed under subsection (2). ~~For taxes~~

1 ~~levied after December 31, 2003, the status of property as a~~
2 ~~principal residence shall be determined on the tax day provided~~
3 ~~in section 2.~~

4 (2) An owner of property may claim an exemption under this
5 section by filing an affidavit on or before May 1 ~~for taxes~~
6 ~~levied before January 1, 2004 and the tax day as provided in~~
7 ~~section 2 for taxes levied after December 31, 2003~~ with the
8 local tax collecting unit in which the property is located. The
9 affidavit shall state that the property is owned and occupied as
10 a principal residence by that owner of the property on the date
11 that the affidavit is signed. The affidavit shall be on a form
12 prescribed by the department of treasury. One copy of the
13 affidavit shall be retained by the owner, 1 copy shall be
14 retained by the local tax collecting unit until any appeal or
15 audit period under this act has expired, and 1 copy shall be
16 forwarded to the department of treasury pursuant to subsection
17 (4), together with all information submitted under subsection
18 (27) for a cooperative housing corporation. The affidavit shall
19 require the owner claiming the exemption to indicate if that
20 owner or that owner's spouse has claimed another exemption on
21 property in this state that is not rescinded or a substantially
22 similar exemption, deduction, or credit on property in another
23 state that is not rescinded. If the affidavit requires an owner
24 to include a social security number, that owner's number is
25 subject to the disclosure restrictions in 1941 PA 122, MCL 205.1
26 to 205.31. If an owner of property filed an affidavit for an
27 exemption under this section before January 1, 2004, that

1 affidavit shall be considered the affidavit required under this
2 subsection for a principal residence exemption and that exemption
3 shall remain in effect until rescinded as provided in this
4 section.

5 (3) A husband and wife who are required to file or who do
6 file a joint Michigan income tax return are entitled to not more
7 than 1 exemption under this section. ~~A~~ **For taxes levied after**
8 **December 31, 2002, a** person is not entitled to an exemption under
9 this section if any of the following conditions occur:

10 (a) That person has claimed a substantially similar
11 exemption, deduction, or credit on property in another state that
12 is not rescinded.

13 (b) Subject to subdivision (a), that person or his or her
14 spouse owns property in a state other than this state for which
15 that person or his or her spouse claims an exemption, deduction,
16 or credit substantially similar to the exemption provided under
17 this section, unless that person and his or her spouse file
18 separate income tax returns.

19 (c) That person has filed a nonresident Michigan income tax
20 return, except active duty military personnel stationed in this
21 state with his or her principal residence in this state.

22 (d) That person has filed an income tax return in a state
23 other than this state as a resident, except active duty military
24 personnel stationed in this state with his or her principal
25 residence in this state.

26 (e) **That person has previously rescinded an exemption under**
27 **this section for the same property for which an exemption is now**

1 claimed and there has not been a transfer of ownership of that
2 property after the previous exemption was rescinded, if either of
3 the following conditions is satisfied:

4 (i) That person has claimed an exemption under this section
5 for any other property for that tax year.

6 (ii) That person has rescinded an exemption under this
7 section on other property, which exemption remains in effect for
8 that tax year, and there has not been a transfer of ownership of
9 that property.

10 (4) Upon receipt of an affidavit filed under subsection (2)
11 and unless the claim is denied under this section, the assessor
12 shall exempt the property from the collection of the tax levied
13 by a local school district for school operating purposes to the
14 extent provided under section 1211 of the revised school code,
15 1976 PA 451, MCL 380.1211, as provided in subsection (1) until
16 December 31 of the year in which the property is transferred or
17 is no longer a principal residence as defined in section 7dd.
18 The local tax collecting unit shall forward copies of affidavits
19 to the department of treasury according to a schedule prescribed
20 by the department of treasury.

21 (5) Not more than 90 days after exempted property is no
22 longer used as a principal residence by the owner claiming an
23 exemption, that owner shall rescind the claim of exemption by
24 filing with the local tax collecting unit a rescission form
25 prescribed by the department of treasury. An owner who fails to
26 file a rescission as required by this subsection is subject to a
27 penalty of \$5.00 per day for each separate failure beginning

1 after the 90 days have elapsed, up to a maximum of \$200.00. This
2 penalty shall be collected under 1941 PA 122, MCL 205.1 to
3 205.31, and shall be deposited in the state school aid fund
4 established in section 11 of article IX of the state constitution
5 of 1963. This penalty may be waived by the department of
6 treasury.

7 (6) If the assessor of the local tax collecting unit believes
8 that the property for which an exemption is claimed is not the
9 principal residence of the owner claiming the exemption, the
10 assessor may deny a new or existing claim by notifying the owner
11 and the department of treasury in writing of the reason for the
12 denial and advising the owner that the denial may be appealed to
13 the residential and small claims division of the Michigan tax
14 tribunal within 35 days after the date of the notice. The
15 assessor may deny a claim for exemption for the current year and
16 for the 3 immediately preceding calendar years. If the assessor
17 denies an existing claim for exemption, the assessor shall remove
18 the exemption of the property and, if the tax roll is in the
19 local tax collecting unit's possession, amend the tax roll to
20 reflect the denial and the local treasurer shall within 30 days
21 of the date of the denial issue a corrected tax bill for
22 ~~previously unpaid~~ **any additional** taxes with interest at the
23 rate of 1.25% per month **or fraction of a month** and penalties
24 computed from the date the taxes were last payable without
25 interest or penalty. If the tax roll is in the county
26 treasurer's possession, the tax roll shall be amended to reflect
27 the denial and the county treasurer shall within 30 days of the

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

1 and shall deposit any tax or penalty collected into the state
2 school aid fund and shall distribute any interest collected as
3 provided in subsection (24). The denial shall be made on a form
4 prescribed by the department of treasury. If the property for
5 which the assessor has denied a claim for exemption under this
6 subsection is located in a county in which the county treasurer
7 or the county equalization director have elected to audit
8 exemptions under subsection (10), the assessor shall notify the
9 county treasurer or the county equalization director of the
10 denial under this subsection.

11 (7) If the assessor of the local tax collecting unit believes
12 that the property for which the exemption is claimed is not the
13 principal residence of the owner claiming the exemption and has
14 not denied the claim, the assessor shall include a recommendation
15 for denial with any affidavit that is forwarded to the department
16 of treasury or, for an existing claim, shall send a
17 recommendation for denial to the department of treasury, stating
18 the reasons for the recommendation.

19 (8) The department of treasury shall determine if the
20 property is the principal residence of the owner claiming the
21 exemption. The department of treasury may review the validity of
22 exemptions for the current calendar year and for the 3
23 immediately preceding calendar years. If the department of
24 treasury determines that the property is not the principal
25 residence of the owner claiming the exemption, the department
26 shall send a notice of that determination to the local tax
27 collecting unit and to the owner of the property claiming the

1 exemption, indicating that the claim for exemption is denied,
2 stating the reason for the denial, and advising the owner
3 claiming the exemption of the right to appeal the determination
4 to the department of treasury and what those rights of appeal
5 are. The department of treasury may issue a notice denying a
6 claim if an owner fails to respond within 30 days of receipt of a
7 request for information from that department. An owner may
8 appeal the denial of a claim of exemption to the department of
9 treasury within 35 days of receipt of the notice of denial. An
10 appeal to the department of treasury shall be conducted according
11 to the provisions for an informal conference in section 21 of
12 1941 PA 122, MCL 205.21. Within 10 days after acknowledging an
13 appeal of a denial of a claim of exemption, the department of
14 treasury shall notify the assessor and the treasurer for the
15 county in which the property is located that an appeal has been
16 filed. Upon receipt of a notice that the department of treasury
17 has denied a claim for exemption, the assessor shall remove the
18 exemption of the property and, if the tax roll is in the local
19 tax collecting unit's possession, amend the tax roll to reflect
20 the denial and the local treasurer shall within 30 days of the
21 date of the denial issue a corrected tax bill for ~~previously~~
22 ~~unpaid~~ **any additional** taxes with interest at the rate of 1.25%
23 per month **or fraction of a month** and penalties computed from the
24 date the taxes were last payable without interest and penalty.
25 If the tax roll is in the county treasurer's possession, the tax
26 roll shall be amended to reflect the denial and the county
27 treasurer shall within 30 days of the date of the denial prepare

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

1 deposit any tax or penalty collected into the state school aid
2 fund and shall distribute any interest collected as provided in
3 subsection (24).

4 (9) The department of treasury may enter into an agreement
5 regarding the implementation or administration of subsection (8)
6 with the assessor of any local tax collecting unit in a county
7 that has not elected to audit exemptions claimed under this
8 section as provided in subsection (10). The agreement may
9 specify that for a period of time, not to exceed 120 days, the
10 department of treasury will not deny an exemption identified by
11 the department of treasury in the list provided under subsection
12 (11).

13 (10) A county may elect to audit the exemptions claimed under
14 this section in all local tax collecting units located in that
15 county as provided in this subsection. The election to audit
16 exemptions shall be made by the county treasurer, or by the
17 county equalization director with the concurrence by resolution
18 of the county board of commissioners. The initial election to
19 audit exemptions shall require an audit period of 2 years.
20 Subsequent elections to audit exemptions shall be made every 2
21 years and shall require 2 annual audit periods. An election to
22 audit exemptions shall be made by submitting an election to audit
23 form to the assessor of each local tax collecting unit in that
24 county and to the department of treasury not later than October 1
25 in the year in which an election to audit is made. The election
26 to audit form required under this subsection shall be in a form
27 prescribed by the department of treasury. If a county elects to

1 audit the exemptions claimed under this section, the department
2 of treasury may continue to review the validity of exemptions as
3 provided in subsection (8). If a county does not elect to audit
4 the exemptions claimed under this section as provided in this
5 subsection, the department of treasury shall conduct an audit of
6 exemptions claimed under this section in the initial 2-year audit
7 period for each local tax collecting unit in that county unless
8 the department of treasury has entered into an agreement with the
9 assessor for that local tax collecting unit under subsection
10 (9).

11 (11) If a county elects to audit the exemptions claimed under
12 this section as provided in subsection (10) and the county
13 treasurer or his or her designee or the county equalization
14 director or his or her designee believes that the property for
15 which an exemption is claimed is not the principal residence of
16 the owner claiming the exemption, the county treasurer or his or
17 her designee or the county equalization director or his or her
18 designee may deny an existing claim by notifying the owner, the
19 assessor of the local tax collecting unit, and the department of
20 treasury in writing of the reason for the denial and advising the
21 owner that the denial may be appealed to the residential and
22 small claims division of the Michigan tax tribunal within 35 days
23 after the date of the notice. The county treasurer or his or her
24 designee or the county equalization director or his or her
25 designee may deny a claim for exemption for the current year and
26 for the 3 immediately preceding calendar years. If the county
27 treasurer or his or her designee or the county equalization

1 director or his or her designee denies an existing claim for
2 exemption, the county treasurer or his or her designee or the
3 county equalization director or his or her designee shall direct
4 the assessor of the local tax collecting unit in which the
5 property is located to remove the exemption of the property from
6 the assessment roll and, if the tax roll is in the local tax
7 collecting unit's possession, direct the assessor of the local
8 tax collecting unit to amend the tax roll to reflect the denial
9 and the treasurer of the local tax collecting unit shall within
10 30 days of the date of the denial issue a corrected tax bill for
11 ~~previously unpaid~~ **any additional** taxes with interest at the
12 rate of 1.25% per month **or fraction of a month** and penalties
13 computed from the date the taxes were last payable without
14 interest and penalty. If the tax roll is in the county
15 treasurer's possession, the tax roll shall be amended to reflect
16 the denial and the county treasurer shall within 30 days of the
17 date of the denial prepare and submit a supplemental tax bill for
18 any additional taxes, together with interest at the rate of 1.25%
19 per month **or fraction of a month** and penalties computed from the
20 date the taxes were last payable without interest or penalty.
21 ~~Additional interest~~ **Interest** on any tax set forth in a
22 corrected or supplemental tax bill shall **again** begin to accrue 60
23 days after the date the corrected or supplemental tax bill is
24 issued at the rate of 1.25% per month **or fraction of a month**.
25 Taxes levied in a corrected or supplemental tax bill shall be
26 returned as delinquent on the March 1 in the year immediately
27 succeeding the year in which the corrected or supplemental tax

1 bill is issued. If the county treasurer or his or her designee
2 or the county equalization director or his or her designee denies
3 an existing claim for exemption, the interest due shall be
4 distributed as provided in subsection (24). However, if the
5 property has been transferred to a bona fide purchaser before
6 additional taxes were billed to the seller as a result of the
7 denial of a claim for exemption, the taxes, interest, and
8 penalties shall not be a lien on the property and shall not be
9 billed to the bona fide purchaser, and the local tax collecting
10 unit if the local tax collecting unit has possession of the tax
11 roll or the county treasurer if the county has possession of the
12 tax roll shall notify the department of treasury of the amount of
13 tax due and interest through the date of that notification. The
14 department of treasury shall then assess the owner who claimed
15 the exemption under this section for the tax and interest plus
16 penalty accruing as a result of the denial of the claim for
17 exemption, if any, as for unpaid taxes provided under 1941 PA
18 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty
19 collected into the state school aid fund and shall distribute any
20 interest collected as provided in subsection (24). The
21 department of treasury shall annually provide the county
22 treasurer or his or her designee or the county equalization
23 director or his or her designee a list of parcels of property
24 located in that county for which an exemption may be erroneously
25 claimed. The county treasurer or his or her designee or the
26 county equalization director or his or her designee shall forward
27 copies of the list provided by the department of treasury to each

1 assessor in each local tax collecting unit in that county within
2 10 days of receiving the list.

3 (12) If a county elects to audit exemptions claimed under
4 this section as provided in subsection (10), the county treasurer
5 or the county equalization director may enter into an agreement
6 with the assessor of a local tax collecting unit in that county
7 regarding the implementation or administration of this section.
8 The agreement may specify that for a period of time, not to
9 exceed 120 days, the county will not deny an exemption identified
10 by the department of treasury in the list provided under
11 subsection (11).

12 (13) An owner may appeal a denial by the assessor of the
13 local tax collecting unit under subsection (6), a final decision
14 of the department of treasury under subsection (8), or a denial
15 by the county treasurer or his or her designee or the county
16 equalization director or his or her designee under subsection
17 (11) to the residential and small claims division of the Michigan
18 tax tribunal within 35 days of that decision. An owner is not
19 required to pay the amount of tax in dispute in order to appeal a
20 denial of a claim of exemption to the department of treasury or
21 to receive a final determination of the residential and small
22 claims division of the Michigan tax tribunal. However, interest
23 at the rate of 1.25% per month **or fraction of a month** and
24 penalties shall accrue and be computed from the date the taxes
25 were last payable without interest and penalty. If the
26 residential and small claims division of the Michigan tax
27 tribunal grants an owner's appeal of a denial and that owner has

1 paid the interest due as a result of a denial under subsection
2 (6), (8), or (11), the interest received after a distribution was
3 made under subsection (24) shall be refunded.

4 (14) For taxes levied after December 31, 2005, for each
5 county in which the county treasurer or the county equalization
6 director does not elect to audit the exemptions claimed under
7 this section as provided in subsection (10), the department of
8 treasury shall conduct an annual audit of exemptions claimed
9 under this section for the current calendar year.

10 (15) An affidavit filed by an owner for the exemption under
11 this section rescinds all previous exemptions filed by that owner
12 for any other property. The department of treasury shall notify
13 the assessor of the local tax collecting unit in which the
14 property for which a previous exemption was claimed is located
15 that the previous exemption is rescinded by the subsequent
16 affidavit. Upon receipt of notice that an exemption is
17 rescinded, the assessor of the local tax collecting unit shall
18 remove the exemption effective December 31 of the year in which
19 the property is transferred or is no longer a principal residence
20 as defined in section 7dd. The assessor of the local tax
21 collecting unit in which that property is located shall notify
22 the treasurer in possession of the tax roll for a year for which
23 the exemption is rescinded. If the tax roll is in the local tax
24 collecting unit's possession, the tax roll shall be amended to
25 reflect the rescission and the local treasurer shall prepare and
26 issue a corrected tax bill for ~~previously unpaid~~ **any additional**
27 taxes with interest and penalties computed based on the interest

1 and penalties that would have accrued from the date the taxes
2 were originally levied if there had not been an exemption for
3 that year. If the tax roll is in the county treasurer's
4 possession, the tax roll shall be amended to reflect the
5 rescission and the county treasurer shall prepare and submit a
6 supplemental tax bill for any additional taxes, together with any
7 interest and penalties. However, if the property has been
8 transferred to a bona fide purchaser, the taxes, interest, and
9 penalties shall not be billed to the bona fide purchaser, and the
10 local tax collecting unit if the local tax collecting unit has
11 possession of the tax roll or the county treasurer if the county
12 has possession of the tax roll shall notify the department of
13 treasury of the amount of tax due and interest through the date
14 of that notification. The department of treasury shall then
15 assess the owner who received the exemption under this section
16 when the property was not a principal residence as defined in
17 section 7dd for the tax and interest plus penalty accruing, if
18 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
19 205.31, and shall deposit any tax, interest, or penalty collected
20 into the state school aid fund.

21 (16) An owner of property for which a claim of exemption is
22 rescinded may appeal that rescission with either the July or
23 December board of review in either the year for which the
24 exemption is rescinded or in the immediately succeeding year. If
25 an appeal of a rescission of a claim for exemption is received
26 not later than 5 days prior to the date of the December board of
27 review, the local tax collecting unit shall convene a December

1 board of review and consider the appeal pursuant to this section
2 and section 53b. An owner of property for which a claim of
3 exemption is rescinded may appeal the decision of the board of
4 review to the residential and small claims division of the
5 Michigan tax tribunal within 35 days of that decision.

6 (17) If the principal residence is part of a unit in a
7 multiple-unit dwelling or a dwelling unit in a multiple-purpose
8 structure, an owner shall claim an exemption for only that
9 portion of the total taxable value of the property used as the
10 principal residence of that owner in a manner prescribed by the
11 department of treasury. If a portion of a parcel for which the
12 owner claims an exemption is used for a purpose other than as a
13 principal residence, the owner shall claim an exemption for only
14 that portion of the taxable value of the property used as the
15 principal residence of that owner in a manner prescribed by the
16 department of treasury.

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

21 (19) The department of treasury shall make available the
22 affidavit forms and the forms to rescind an exemption, which may
23 be on the same form, to all city and township assessors, county
24 equalization officers, county registers of deeds, and closing
25 agents. A person who prepares a closing statement for the sale
26 of property shall provide affidavit and rescission forms to the
27 buyer and seller at the closing and, if requested by the buyer or

1 seller after execution by the buyer or seller, shall file the
2 forms with the local tax collecting unit in which the property is
3 located. If a closing statement preparer fails to provide
4 exemption affidavit and rescission forms to the buyer and seller,
5 or fails to file the affidavit and rescission forms with the
6 local tax collecting unit if requested by the buyer or seller,
7 the buyer may appeal to the department of treasury within 30 days
8 of notice to the buyer that an exemption was not recorded. If
9 the department of treasury determines that the buyer qualifies
10 for the exemption, the department of treasury shall notify the
11 assessor of the local tax collecting unit that the exemption is
12 granted and the assessor of the local tax collecting unit or, if
13 the tax roll is in the possession of the county treasurer, the
14 county treasurer shall correct the tax roll to reflect the
15 exemption. This subsection does not create a cause of action at
16 law or in equity against a closing statement preparer who fails
17 to provide exemption affidavit and rescission forms to a buyer
18 and seller or who fails to file the affidavit and rescission
19 forms with the local tax collecting unit when requested to do so
20 by the buyer or seller.

21 (20) An owner who owned and occupied a principal residence on
22 May 1 ~~for taxes levied before January 1, 2004 and the tax day as~~
23 ~~provided in section 2 for taxes levied after December 31, 2003~~
24 for which the exemption was not on the tax roll may file an
25 appeal with the July board of review or December board of review
26 in the year for which the exemption was claimed or the
27 immediately succeeding 3 years. If an appeal of a claim for

1 exemption that was not on the tax roll is received not later than
2 5 days prior to the date of the December board of review, the
3 local tax collecting unit shall convene a December board of
4 review and consider the appeal pursuant to this section and
5 section 53b.

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

16 (22) If granting the exemption under this section results in
17 an overpayment of the tax, a rebate, including any interest paid,
18 shall be made to the taxpayer by the local tax collecting unit if
19 the local tax collecting unit has possession of the tax roll or
20 by the county treasurer if the county has possession of the tax
21 roll within 30 days of the date the exemption is granted. The
22 rebate shall be without interest.

23 (23) If an exemption under this section is erroneously
24 granted for an affidavit filed before October 1, 2003, an owner
25 may request in writing that the department of treasury withdraw
26 the exemption. The request to withdraw the exemption shall be
27 received not later than November 1, 2003. If an owner requests

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

24 (24) Subject to subsection (25), interest at the rate of
25 1.25% per month **or fraction of a month** collected under subsection
26 (6), (8), or (11) shall be distributed as follows:

27 (a) If the assessor of the local tax collecting unit denies

1 the exemption under this section, as follows:

2 (i) To the local tax collecting unit, 70%.

3 (ii) To the department of treasury, 10%.

4 (iii) To the county in which the property is located, 20%.

5 (b) If the department of treasury denies the exemption this
6 section, as follows:

7 (i) To the local tax collecting unit, 20%.

8 (ii) To the department of treasury, 70%.

9 (iii) To the county in which the property is located, 10%.

10 (c) If the county treasurer or his or her designee or the
11 county equalization director or his or her designee denies the
12 exemption under this section, as follows:

13 (i) To the local tax collecting unit, 20%.

14 (ii) To the department of treasury, 10%.

15 (iii) To the county in which the property is located, 70%.

16 (25) Interest distributed under subsection (24) is subject to
17 the following conditions:

18 (a) Interest distributed to a county shall be deposited into
19 a restricted fund to be used solely for the administration of
20 exemptions under this section. Money in that restricted fund
21 shall lapse to the county general fund on the December 31 in the
22 year 3 years after the first distribution of interest to the
23 county under subsection (24) and on each succeeding December 31
24 thereafter.

25 (b) Interest distributed to the department of treasury shall
26 be deposited into the principal residence property tax exemption
27 audit fund, which is created within the state treasury. The

1 state treasurer may receive money or other assets from any source
2 for deposit into the fund. The state treasurer shall direct the
3 investment of the fund. The state treasurer shall credit to the
4 fund interest and earnings from fund investments. Money in the
5 fund shall be considered a work project account and at the close
6 of the fiscal year shall remain in the fund and shall not lapse
7 to the general fund. Money from the fund shall be expended, upon
8 appropriation, only for the purpose of auditing exemption
9 affidavits.

10 (26) Interest distributed under subsection (24) is in
11 addition to and shall not affect the levy or collection of the
12 county property tax administration fee established under this
13 act.

14 (27) A cooperative housing corporation is entitled to a full
15 or partial exemption under this section for the tax year in which
16 the cooperative housing corporation files all of the following
17 with the local tax collecting unit in which the cooperative
18 housing corporation is located if filed on or before May 1: ~~for~~
19 ~~taxes levied before January 1, 2004 and the tax day as provided~~
20 ~~in section 2 for taxes levied after December 31, 2003:~~

21 (a) An affidavit form.

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

26 (c) A list that includes the name, address, and social
27 security number of each tenant stockholder of the cooperative

1 housing corporation occupying a unit in the cooperative housing
2 corporation as his or her principal residence as of the date of
3 the filing under this subsection.

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

9 (28) Before May 1, 2004 and before May 1, 2005, the treasurer
10 of each county shall forward to the department of education a
11 statement of the taxable value of each school district and
12 fraction of a school district within the county for the preceding
13 4 calendar years. This requirement is in addition to the
14 requirement set forth in section 151 of the state school aid act
15 of 1979, 1979 PA 94, MCL 388.1751.

16 Sec. 7ee. (1) Qualified agricultural property is exempt
17 from the tax levied by a local school district for school
18 operating purposes to the extent provided under section 1211 of
19 the revised school code, 1976 PA 451, MCL 380.1211, according to
20 the provisions of this section.

21 (2) Qualified agricultural property that is classified as
22 agricultural under section 34c is exempt under subsection (1) and
23 the owner is not required to file an affidavit claiming an
24 exemption with the local tax collecting unit unless requested by
25 the assessor to determine whether the property includes
26 structures that are not exempt under this section. To claim an
27 exemption under subsection (1) for qualified agricultural

1 property that is not classified as agricultural under section
2 34c, the owner shall file an affidavit claiming the exemption
3 with the local tax collecting unit by May 1. ~~for taxes levied~~
4 ~~before January 1, 2004 and the tax day as provided in section 2~~
5 ~~for taxes levied after December 31, 2003.~~

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

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

18 (5) Not more than 90 days after all or a portion of the
19 exempted property is no longer qualified agricultural property,
20 the owner shall rescind the exemption for the applicable portion
21 of the property by filing with the local tax collecting unit a
22 rescission form prescribed by the department of treasury. An
23 owner who fails to file a rescission as required by this
24 subsection is subject to a penalty of \$5.00 per day for each
25 separate failure beginning after the 90 days have elapsed, up to
26 a maximum of \$200.00. This penalty shall be collected under 1941
27 PA 122, MCL 205.1 to 205.31, and shall be deposited in the state

1 school aid fund established in section 11 of article IX of the
2 state constitution of 1963. This penalty may be waived by the
3 department of treasury.

4 (6) An owner of property that is qualified agricultural
5 property on May 1 ~~for taxes levied before January 1, 2004 and~~
6 ~~the tax day as provided in section 2 for taxes levied after~~
7 ~~December 31, 2003~~ for which an exemption was not on the tax roll
8 may file an appeal with the July or December board of review in
9 the year the exemption was claimed or the immediately succeeding
10 year. An owner of property that is qualified agricultural
11 property on May 1 ~~for taxes levied before January 1, 2004 and~~
12 ~~the tax day as provided in section 2 for taxes levied after~~
13 ~~December 31, 2003~~ for which an exemption was denied by the
14 assessor in the year the affidavit was filed, may file an appeal
15 with the July board of review for summer taxes or, if there is
16 not a summer levy of school operating taxes, with the December
17 board of review.

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

27 (8) If an exemption under this section is erroneously

1 granted, an owner may request in writing that the local tax
2 collecting unit withdraw the exemption. If an owner requests
3 that an exemption be withdrawn, the local assessor shall notify
4 the owner that the exemption issued under this section has been
5 denied based on that owner's request. If an exemption is
6 withdrawn, the property that had been subject to that exemption
7 shall be immediately placed on the tax roll by the local tax
8 collecting unit if the local tax collecting unit has possession
9 of the tax roll or by the county treasurer if the county has
10 possession of the tax roll as though the exemption had not been
11 granted. A corrected tax bill shall be issued for the tax year
12 being adjusted by the local tax collecting unit if the local tax
13 collecting unit has possession of the tax roll or by the county
14 treasurer if the county has possession of the tax roll. If an
15 owner requests that an exemption under this section be withdrawn
16 before that owner is contacted in writing by the local assessor
17 regarding that owner's eligibility for the exemption and that
18 owner pays the corrected tax bill issued under this subsection
19 within 30 days after the corrected tax bill is issued, that owner
20 is not liable for any penalty or interest on the additional tax.
21 An owner who pays a corrected tax bill issued under this
22 subsection more than 30 days after the corrected tax bill is
23 issued is liable for the penalties and interest that would have
24 accrued if the exemption had not been granted from the date the
25 taxes were originally levied.

26 Sec. 24c. (1) The assessor shall give to each owner or
27 person or persons listed on the assessment roll of the property a

1 notice by first-class mail of an increase in the tentative state
2 equalized valuation or the tentative taxable value for the year.
3 The notice shall specify each parcel of property, the tentative
4 taxable value for the current year, and the taxable value for the
5 immediately preceding year. The notice shall also specify the
6 time and place of the meeting of the board of review. The notice
7 shall also specify the difference between the property's
8 tentative taxable value in the current year and the property's
9 taxable value in the immediately preceding year.

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

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

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

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

19 (d) The classification of the property as defined by section
20 34c.

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

23 (f) A statement provided by the state tax commission
24 explaining the relationship between state equalized valuation and
25 taxable value. If the assessor believes that a transfer of
26 ownership has occurred in the immediately preceding year, the
27 statement shall state that the ownership was transferred and that

1 the taxable value of that property is the same as the state
2 equalized valuation of that property.

3 (3) When required by the income tax act of 1967, 1967 PA 281,
4 MCL 206.1 to 206.532, the assessment notice shall include or be
5 accompanied by information or forms prescribed by the income tax
6 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

7 (4) The assessment notice shall be addressed to the owner
8 according to the records of the assessor and mailed not less than
9 10 days before the meeting of the board of review. The failure
10 to send or receive an assessment notice does not invalidate an
11 assessment roll or an assessment on that property.

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

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

21 (7) ~~Beginning in 1995 through 2003, the~~ **The** assessment
22 notice under subsection (1) shall include the following
23 statement:

24 "If you purchased your ~~homestead~~ **principal**
25 **residence** after May 1 last year, to claim the
26 ~~homestead~~ **principal residence** exemption, if you

1 have not already done so, you are required to file an
2 affidavit before May 1."

3 ~~(8) Beginning in 2004, the assessment notice under~~
4 ~~subsection (1) shall include the following statement:~~

5 ~~"If you purchased your principal residence after~~
6 ~~December 31 last year, to claim the principal~~
7 ~~residence exemption for next year, if you have not~~
8 ~~already done so, you are required to file an~~
9 ~~affidavit on or before December 31 this year.".~~

10 **(8)** ~~-(9)-~~ For taxes levied after December 31, 2003, the
11 assessment notice under subsection (1) shall separately state the
12 state equalized valuation and taxable value for any leasehold
13 improvements.