

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5168**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 7cc, 7ee, 24c, and 154 (MCL 211.7cc,  
211.7ee, 211.24c, and 211.154), sections 7cc and 24c as amended  
by 2003 PA 140, section 7ee as amended by 2003 PA 105, and  
section 154 as amended by 2000 PA 281.

**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

1 claiming an exemption is filed under subsection (2). ~~For taxes~~  
2 ~~levied after December 31, 2003, the status of property as a~~  
3 ~~principal residence shall be determined on the tax day provided~~  
4 ~~in section 2.~~

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22 on property in this state that is not rescinded or a  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24 in another state that is not rescinded.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

1 affidavit for an exemption under this section before January 1,  
2 2004, that affidavit shall be considered the affidavit required  
3 under this subsection for a principal residence exemption and  
4 that exemption shall remain in effect until rescinded as provided  
5 in this section.

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

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

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

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

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

27 (e) **That person has previously rescinded an exemption under**

1 this section for the same property for which an exemption is now  
2 claimed and there has not been a transfer of ownership of that  
3 property after the previous exemption was rescinded, if either of  
4 the following conditions is satisfied:

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

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

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

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

1 penalty of \$5.00 per day for each separate failure beginning  
2 after the 90 days have elapsed, up to a maximum of \$200.00. This  
3 penalty shall be collected under 1941 PA 122, MCL 205.1 to  
4 205.31, and shall be deposited in the state school aid fund  
5 established in section 11 of article IX of the state constitution  
6 of 1963. This penalty may be waived by the department of  
7 treasury.

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

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

1 exemption, if any, as for unpaid taxes provided under 1941 PA  
2 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty  
3 collected into the state school aid fund and shall distribute any  
4 interest collected as provided in subsection ~~-(24)-~~ (23). The  
5 denial shall be made on a form prescribed by the department of  
6 treasury. If the property for which the assessor has denied a  
7 claim for exemption under this subsection is located in a county  
8 in which the county treasurer or the county equalization director  
9 have elected to audit exemptions under subsection (10), the  
10 assessor shall notify the county treasurer or the county  
11 equalization director of the denial under this subsection.

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

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

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



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

1 provided under 1941 PA 122, MCL 205.1 to 205.31, and shall  
2 deposit any tax or penalty collected into the state school aid  
3 fund and shall distribute any interest collected as provided in  
4 subsection ~~-(24)-~~ (23).

5 (9) The department of treasury may enter into an agreement  
6 regarding the implementation or administration of subsection (8)  
7 with the assessor of any local tax collecting unit in a county  
8 that has not elected to audit exemptions claimed under this  
9 section as provided in subsection (10). The agreement may  
10 specify that for a period of time, not to exceed 120 days, the  
11 department of treasury will not deny an exemption identified by  
12 the department of treasury in the list provided under subsection  
13 (11).

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

1 prescribed by the department of treasury. If a county elects to  
2 audit the exemptions claimed under this section, the department  
3 of treasury may continue to review the validity of exemptions as  
4 provided in subsection (8). If a county does not elect to audit  
5 the exemptions claimed under this section as provided in this  
6 subsection, the department of treasury shall conduct an audit of  
7 exemptions claimed under this section in the initial 2-year audit  
8 period for each local tax collecting unit in that county unless  
9 the department of treasury has entered into an agreement with the  
10 assessor for that local tax collecting unit under subsection  
11 (9).

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

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

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

1 copies of the list provided by the department of treasury to each  
2 assessor in each local tax collecting unit in that county within  
3 10 days of receiving the list.

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

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

1 tribunal grants an owner's appeal of a denial and that owner has  
2 paid the interest due as a result of a denial under subsection  
3 (6), (8), or (11), the interest received after a distribution was  
4 made under subsection ~~—(24)—~~ **(23)** shall be refunded.

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

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

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

27 ~~(16) An owner of property for which a claim of exemption is~~



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

12       (16) ~~—(17)—~~ If the principal residence is part of a unit in a  
13 multiple-unit dwelling or a dwelling unit in a multiple-purpose  
14 structure, an owner shall claim an exemption for only that  
15 portion of the total taxable value of the property used as the  
16 principal residence of that owner in a manner prescribed by the  
17 department of treasury. If a portion of a parcel for which the  
18 owner claims an exemption is used for a purpose other than as a  
19 principal residence, the owner shall claim an exemption for only  
20 that portion of the taxable value of the property used as the  
21 principal residence of that owner in a manner prescribed by the  
22 department of treasury.

23       (17) ~~—(18)—~~ When a county register of deeds records a  
24 transfer of ownership of a property, he or she shall notify the  
25 local tax collecting unit in which the property is located of the  
26 transfer.

27       (18) ~~—(19)—~~ The department of treasury shall make available

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

27       (19) ~~—(20)—~~ An owner who owned and occupied a principal

1 residence on May 1 ~~for taxes levied before January 1, 2004 and~~  
2 ~~the tax day as provided in section 2 for taxes levied after~~  
3 ~~December 31, 2003~~ for which the exemption was not on the tax  
4 roll may file an appeal with the July board of review or December  
5 board of review in the year for which the exemption was claimed  
6 or the immediately succeeding 3 years. If an appeal of a claim  
7 for exemption that was not on the tax roll is received not later  
8 than 5 days prior to the date of the December board of review,  
9 the local tax collecting unit shall convene a December board of  
10 review and consider the appeal pursuant to this section and  
11 section 53b.

12       (20) ~~-(21)-~~ If the assessor or treasurer of the local tax  
13 collecting unit believes that the department of treasury  
14 erroneously denied a claim for exemption, the assessor or  
15 treasurer may submit written information supporting the owner's  
16 claim for exemption to the department of treasury within 35 days  
17 of the owner's receipt of the notice denying the claim for  
18 exemption. If, after reviewing the information provided, the  
19 department of treasury determines that the claim for exemption  
20 was erroneously denied, the department of treasury shall grant  
21 the exemption and the tax roll shall be amended to reflect the  
22 exemption.

23       (21) ~~-(22)-~~ If granting the exemption under this section  
24 results in an overpayment of the tax, a rebate, including any  
25 interest paid, shall be made to the taxpayer by the local tax  
26 collecting unit if the local tax collecting unit has possession  
27 of the tax roll or by the county treasurer if the county has

1 possession of the tax roll within 30 days of the date the  
2 exemption is granted. The rebate shall be without interest.

3       (22) ~~—(23)—~~ If an exemption under this section is erroneously  
4 granted for an affidavit filed before October 1, 2003, an owner  
5 may request in writing that the department of treasury withdraw  
6 the exemption. The request to withdraw the exemption shall be  
7 received not later than November 1, 2003. If an owner requests  
8 that an exemption be withdrawn, the department of treasury shall  
9 issue an order notifying the local assessor that the exemption  
10 issued under this section has been denied based on the owner's  
11 request. If an exemption is withdrawn, the property that had  
12 been subject to that exemption shall be immediately placed on the  
13 tax roll by the local tax collecting unit if the local tax  
14 collecting unit has possession of the tax roll or by the county  
15 treasurer if the county has possession of the tax roll as though  
16 the exemption had not been granted. A corrected tax bill shall  
17 be issued for the tax year being adjusted by the local tax  
18 collecting unit if the local tax collecting unit has possession  
19 of the tax roll or by the county treasurer if the county has  
20 possession of the tax roll. Unless a denial has been issued  
21 prior to July 1, 2003, if an owner requests that an exemption  
22 under this section be withdrawn and that owner pays the corrected  
23 tax bill issued under this subsection within 30 days after the  
24 corrected tax bill is issued, that owner is not liable for any  
25 penalty or interest on the additional tax. An owner who pays a  
26 corrected tax bill issued under this subsection more than 30 days  
27 after the corrected tax bill is issued is liable for the

1 penalties and interest that would have accrued if the exemption  
2 had not been granted from the date the taxes were originally  
3 levied.

4       **(23)** ~~—(24)—~~ Subject to subsection ~~—(25)—~~ **(24)**, interest at  
5 the rate of 1.25% per month **or fraction of a month** collected  
6 under subsection (6), (8), or (11) shall be distributed as  
7 follows:

8       (a) If the assessor of the local tax collecting unit denies  
9 the exemption under this section, as follows:

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

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

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

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

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

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

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

18       (c) If the county treasurer or his or her designee or the  
19 county equalization director or his or her designee denies the  
20 exemption under this section, as follows:

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

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

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

24       **(24)** ~~—(25)—~~ Interest distributed under subsection ~~—(24)—~~ **(23)**  
25 is subject to the following conditions:

26       (a) Interest distributed to a county shall be deposited into  
27 a restricted fund to be used solely for the administration of

1 exemptions under this section. Money in that restricted fund  
2 shall lapse to the county general fund on the December 31 in the  
3 year 3 years after the first distribution of interest to the  
4 county under subsection ~~—(24)—~~ **(23)** and on each succeeding  
5 December 31 thereafter.

6 (b) Interest distributed to the department of treasury shall  
7 be deposited into the principal residence property tax exemption  
8 audit fund, which is created within the state treasury. The  
9 state treasurer may receive money or other assets from any source  
10 for deposit into the fund. The state treasurer shall direct the  
11 investment of the fund. The state treasurer shall credit to the  
12 fund interest and earnings from fund investments. Money in the  
13 fund shall be considered a work project account and at the close  
14 of the fiscal year shall remain in the fund and shall not lapse  
15 to the general fund. Money from the fund shall be expended, upon  
16 appropriation, only for the purpose of auditing exemption  
17 affidavits.

18 **(25)** ~~—(26)—~~ Interest distributed under subsection ~~—(24)—~~ **(23)**  
19 is in addition to and shall not affect the levy or collection of  
20 the county property tax administration fee established under this  
21 act.

22 **(26)** ~~—(27)—~~ A cooperative housing corporation is entitled to  
23 a full or partial exemption under this section for the tax year  
24 in which the cooperative housing corporation files all of the  
25 following with the local tax collecting unit in which the  
26 cooperative housing corporation is located if filed on or before  
27 May 1: ~~for taxes levied before January 1, 2004 and the tax day~~

1 ~~as provided in section 2 for taxes levied after December 31,~~  
2 ~~2003.~~

3 (a) An affidavit form.

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

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

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

18 (27) ~~(28)~~ Before May 1, 2004 and before May 1, 2005, the  
19 treasurer of each county shall forward to the department of  
20 education a statement of the taxable value of each school  
21 district and fraction of a school district within the county for  
22 the preceding 4 calendar years. This requirement is in addition  
23 to the requirement set forth in section 151 of the state school  
24 aid act of 1979, 1979 PA 94, MCL 388.1751.

25 Sec. 7ee. (1) Qualified agricultural property is exempt  
26 from the tax levied by a local school district for school  
27 operating purposes to the extent provided under section 1211 of

1 the revised school code, 1976 PA 451, MCL 380.1211, according to  
2 the provisions of this section.

3 (2) Qualified agricultural property that is classified as  
4 agricultural under section 34c is exempt under subsection (1) and  
5 the owner is not required to file an affidavit claiming an  
6 exemption with the local tax collecting unit unless requested by  
7 the assessor to determine whether the property includes  
8 structures that are not exempt under this section. To claim an  
9 exemption under subsection (1) for qualified agricultural  
10 property that is not classified as agricultural under section  
11 34c, the owner shall file an affidavit claiming the exemption  
12 with the local tax collecting unit by May 1. ~~for taxes levied~~  
13 ~~before January 1, 2004 and the tax day as provided in section 2~~  
14 ~~for taxes levied after December 31, 2003.~~

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

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

27 (5) Not more than 90 days after all or a portion of the



1 exempted property is no longer qualified agricultural property,  
2 the owner shall rescind the exemption for the applicable portion  
3 of the property by filing with the local tax collecting unit a  
4 rescission form prescribed by the department of treasury. An  
5 owner who fails to file a rescission as required by this  
6 subsection is subject to a penalty of \$5.00 per day for each  
7 separate failure beginning after the 90 days have elapsed, up to  
8 a maximum of \$200.00. This penalty shall be collected under 1941  
9 PA 122, MCL 205.1 to 205.31, and shall be deposited in the state  
10 school aid fund established in section 11 of article IX of the  
11 state constitution of 1963. This penalty may be waived by the  
12 department of treasury.

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

27 (7) If the assessor of the local tax collecting unit believes

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

9 (8) If an exemption under this section is erroneously  
10 granted, an owner may request in writing that the local tax  
11 collecting unit withdraw the exemption. If an owner requests  
12 that an exemption be withdrawn, the local assessor shall notify  
13 the owner that the exemption issued under this section has been  
14 denied based on that owner's request. If an exemption is  
15 withdrawn, the property that had been subject to that exemption  
16 shall be immediately placed on the tax roll by the local tax  
17 collecting unit if the local tax collecting unit has possession  
18 of the tax roll or by the county treasurer if the county has  
19 possession of the tax roll as though the exemption had not been  
20 granted. A corrected tax bill shall be issued for the tax year  
21 being adjusted by the local tax collecting unit if the local tax  
22 collecting unit has possession of the tax roll or by the county  
23 treasurer if the county has possession of the tax roll. If an  
24 owner requests that an exemption under this section be withdrawn  
25 before that owner is contacted in writing by the local assessor  
26 regarding that owner's eligibility for the exemption and that  
27 owner pays the corrected tax bill issued under this subsection

1 within 30 days after the corrected tax bill is issued, that owner  
2 is not liable for any penalty or interest on the additional tax.  
3 An owner who pays a corrected tax bill issued under this  
4 subsection more than 30 days after the corrected tax bill is  
5 issued is liable for the penalties and interest that would have  
6 accrued if the exemption had not been granted from the date the  
7 taxes were originally levied.

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

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

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

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

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

1 (d) The classification of the property as defined by section  
2 34c.

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

5 (f) A statement provided by the state tax commission  
6 explaining the relationship between state equalized valuation and  
7 taxable value. If the assessor believes that a transfer of  
8 ownership has occurred in the immediately preceding year, the  
9 statement shall state that the ownership was transferred and that  
10 the taxable value of that property is the same as the state  
11 equalized valuation of that property.

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

16 (4) The assessment notice shall be addressed to the owner  
17 according to the records of the assessor and mailed not less than  
18 10 days before the meeting of the board of review. The failure  
19 to send or receive an assessment notice does not invalidate an  
20 assessment roll or an assessment on that property.

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

27 (6) The state tax commission shall prepare a model assessment

1 notice form that shall be made available to local units of  
2 government.

3       (7) ~~Beginning in 1995 through 2003, the~~ **The** assessment  
4 notice under subsection (1) shall include the following  
5 statement:

6       "If you purchased your ~~homestead~~ **principal**  
7 **residence** after May 1 last year, to claim the  
8 ~~homestead~~ **principal residence** exemption, if you  
9 have not already done so, you are required to file an  
10 affidavit before May 1."

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

13 ~~—— "If you purchased your principal residence after~~  
14 ~~—— December 31 last year, to claim the principal~~  
15 ~~—— residence exemption for next year, if you have not~~  
16 ~~—— already done so, you are required to file an~~  
17 ~~—— affidavit on or before December 31 this year.".~~

18       **(8)** ~~(9)~~ For taxes levied after December 31, 2003, the  
19 assessment notice under subsection (1) shall separately state the  
20 state equalized valuation and taxable value for any leasehold  
21 improvements.

22       Sec. 154. (1) If the state tax commission determines that  
23 property ~~liable to taxation~~ **subject to the collection of taxes**  
24 **under this act**, including property subject to taxation under 1974  
25 PA 198, MCL 207.551 to 207.572, 1905 PA 282, MCL 207.1 to 207.21,

1 1953 PA 189, MCL 211.181 to 211.182, and the commercial  
2 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, has been  
3 incorrectly reported or omitted for any previous year, but not to  
4 exceed the current assessment year and 2 years immediately  
5 preceding the date ~~of discovery and disclosure~~ **the incorrect**  
6 **reporting or omission was discovered and disclosed** to the state  
7 tax commission, ~~of the incorrect reporting or omission,~~ the  
8 state tax commission shall place the corrected assessment value  
9 for the appropriate years on the appropriate assessment roll.  
10 The **state tax** commission shall issue an order certifying to the  
11 treasurer of the local tax collecting unit if the local tax  
12 collecting unit has possession of a tax roll for a year for which  
13 an assessment change is made or the county treasurer if the  
14 county has possession of a tax roll for a year for which an  
15 assessment change is made the amount of taxes due as computed by  
16 the correct annual rate of taxation for each year except the  
17 current year. Taxes computed under this section shall not be  
18 spread against the property for a period before the last change  
19 of ownership of the property.

20 (2) If an assessment change made under this section results  
21 in increased property taxes, the additional taxes shall be  
22 collected by the treasurer of the local tax collecting unit if  
23 the local tax collecting unit has possession of a tax roll for a  
24 year for which an assessment change is made or by the county  
25 treasurer if the county has possession of a tax roll for a year  
26 for which an assessment change is made. Not later than 20 days  
27 after receiving the order certifying the amount of taxes due

1 under subsection (1), the treasurer of the local tax collecting  
2 unit if the local tax collecting unit has possession of a tax  
3 roll for a year for which an assessment change is made or the  
4 county treasurer if the county has possession of a tax roll for a  
5 year for which an assessment change is made shall submit a  
6 corrected tax bill, itemized by taxing jurisdiction, to each  
7 person identified in the order and to the owner of the property  
8 on which the additional taxes are assessed, if different than a  
9 person named in the order, by first-class mail, address  
10 correction requested. Except for real property subject to  
11 taxation under 1974 PA 198, MCL 207.551 to ~~207.562~~ **207.572**,  
12 1905 PA 282, MCL 207.1 to 207.21, 1953 PA 189, MCL 211.181 to  
13 211.182, and the commercial redevelopment act, 1978 PA 255, MCL  
14 207.651 to 207.668, and for real property only, if the additional  
15 taxes remain unpaid on the March 1 in the year immediately  
16 succeeding the year in which the state tax commission issued the  
17 order certifying the additional taxes under subsection (1), the  
18 real property on which the additional taxes are due shall be  
19 returned as delinquent to the county treasurer. Real property  
20 returned for delinquent taxes under this section, and upon which  
21 taxes, interest, penalties, and fees remain unpaid after the  
22 property is returned as delinquent to the county treasurer, is  
23 subject to forfeiture, foreclosure, and sale for the enforcement  
24 and collection of the delinquent taxes as provided in sections 78  
25 to 79a.

26 **(3) Except as otherwise provided in subsection (4), a**  
27 **corrected tax bill based on an assessment roll corrected for**

1 incorrectly reported or omitted personal property that is issued  
2 after the effective date of the amendatory act that added this  
3 subsection shall include penalty and interest at the rate of  
4 1.25% per month or fraction of a month from the date the taxes  
5 originally could have been paid without interest or penalty. If  
6 the tax bill has not been paid within 60 days after the corrected  
7 tax bill is issued, interest shall again begin to accrue at the  
8 rate of 1.25% per month or fraction of a month.

9 (4) If a person requests that an increased assessment due to  
10 incorrectly reported or omitted personal property be added to the  
11 assessment roll under this section before March 1, 2004 with  
12 respect to statements filed or required to be filed under section  
13 19 for taxes levied before January 1, 2004, and the corrected tax  
14 bill issued under this subsection is paid within 30 days after  
15 the corrected tax bill is issued, that person is not liable for  
16 any penalty or interest on that portion of the additional tax  
17 attributable to the increased assessment resulting from that  
18 request. However, a person who pays a corrected tax bill issued  
19 under this subsection more than 30 days after the corrected tax  
20 bill is issued is liable for the penalties and interest imposed  
21 under subsection (3).

22 (5) Except as otherwise provided in this section, the  
23 treasurer of the local tax collecting unit or the county  
24 treasurer shall disburse the payments of interest received to  
25 this state and to a city, township, village, school district,  
26 county, and authority, in the same proportion as required for the  
27 disbursement of taxes collected under this act. The amount to be



1 disbursed to a local school district, except for that amount of  
2 interest attributable to mills levied under section 1211(2) or  
3 1211c of the revised school code, 1976 PA 451, MCL 380.1211 and  
4 380.1211c, and mills that are not included as mills levied for  
5 school operating purposes under section 1211 of the revised  
6 school code, 1976 PA 451, MCL 380.1211, shall be paid to the  
7 state treasury and credited to the state school aid fund  
8 established by section 11 of article IX of the state constitution  
9 of 1963. For an intermediate school district receiving state aid  
10 under section 56, 62, or 81 of the state school aid act of 1979,  
11 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the interest  
12 that would otherwise be disbursed to or retained by the  
13 intermediate school district, all or a portion, to be determined  
14 on the basis of the tax rates being utilized to compute the  
15 amount of the state school aid, shall be paid instead to the  
16 state treasury and credited to the state school aid fund  
17 established by section 11 of article IX of the state constitution  
18 of 1963.

19       (6) ~~(3)~~ If an assessment change made under this section  
20 results in a decreased tax liability, a refund of excess tax  
21 payments shall be made by the county treasurer and shall include  
22 interest at the rate of 1% per month or fraction of a month for  
23 taxes levied before January 1, 1997 and interest at the rate  
24 provided under section 37 of the tax tribunal act, 1973 PA 186,  
25 MCL 205.737, for taxes levied after December 31, 1996, from the  
26 date of the payment of the tax to the date of the payment of the  
27 refund. The county treasurer shall charge a refund of excess tax

1 payments under this subsection to the various taxing  
2 jurisdictions in the same proportion as the taxes levied.

3       (7) ~~—(4)—~~ A person to whom property is assessed under this  
4 section may appeal the state tax commission's order to the  
5 Michigan tax tribunal.