

# HOUSE BILL No. 4446

March 16, 2011, Introduced by Reps. O'Brien, Hughes and Lane and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2010 PA 17.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

9           (2) Except as otherwise provided in subsection (5), an owner  
10 of property may claim 1 exemption under this section by filing an

1 affidavit ~~on or before May 1~~ with the local tax collecting unit in  
2 which the property is located **ON OR BEFORE MAY 1 FOR TAXES LEVIED**  
3 **BEFORE JANUARY 1, 2012 OR, FOR TAXES LEVIED AFTER DECEMBER 31,**  
4 **2011, AT ANY TIME AFTER TAX DAY IN A TAX YEAR. IF AN AFFIDAVIT IS**  
5 **FILED ON OR BEFORE MAY 1, THE EXEMPTION SHALL BE FOR THE TOTAL**  
6 **AMOUNT OF THE TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL**  
7 **OPERATING PURPOSES TO THE EXTENT PROVIDED UNDER SECTION 1211 OF THE**  
8 **REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211. IF THE AFFIDAVIT IS**  
9 **FILED AFTER MAY 1, THE EXEMPTION SHALL BE FOR THAT PORTION OF TAXES**  
10 **LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES LEVIED**  
11 **IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE NUMBER**  
12 **OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL**  
13 **DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE**  
14 **NUMBER OF DAYS IN THAT TAX YEAR.** The affidavit shall state that the  
15 property is owned and occupied as a principal residence by that  
16 owner of the property on the date that the affidavit is signed. The  
17 affidavit shall be on a form prescribed by the department of  
18 treasury. One copy of the affidavit shall be retained by the owner,  
19 1 copy shall be retained by the local tax collecting unit until any  
20 appeal or audit period under this act has expired, and 1 copy shall  
21 be forwarded to the department of treasury pursuant to subsection  
22 (4), together with all information submitted under subsection (26)  
23 for a cooperative housing corporation. The affidavit shall require  
24 the owner claiming the exemption to indicate if that owner or that  
25 owner's spouse has claimed another exemption on property in this  
26 state that is not rescinded or a substantially similar exemption,  
27 deduction, or credit on property in another state that is not

1 rescinded. If the affidavit requires an owner to include a social  
2 security number, that owner's number is subject to the disclosure  
3 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of  
4 property filed an affidavit for an exemption under this section  
5 before January 1, 2004, that affidavit shall be considered the  
6 affidavit required under this subsection for a principal residence  
7 exemption and that exemption shall remain in effect until rescinded  
8 as provided in this section.

9 (3) Except as otherwise provided in subsection (5), a husband  
10 and wife who are required to file or who do file a joint Michigan  
11 income tax return are entitled to not more than 1 exemption under  
12 this section. For taxes levied after December 31, 2002, a person is  
13 not entitled to an exemption under this section if any of the  
14 following conditions occur:

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

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

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

27 (d) That person has filed an income tax return in a state

1 other than this state as a resident, except active duty military  
2 personnel stationed in this state with his or her principal  
3 residence in this state.

4 (e) That person has previously rescinded an exemption under  
5 this section for the same property for which an exemption is now  
6 claimed and there has not been a transfer of ownership of that  
7 property after the previous exemption was rescinded, if either of  
8 the following conditions is satisfied:

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

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

15 (4) Upon receipt of an affidavit filed under subsection (2)  
16 and unless the claim is denied under this section, the assessor  
17 shall exempt the property from the collection of the tax levied by  
18 a local school district for school operating purposes to the extent  
19 provided under section 1211 of the revised school code, 1976 PA  
20 451, MCL 380.1211, as provided in subsection (1) until December 31  
21 of the year in which the property is transferred or, except as  
22 otherwise provided in subsection (5), is no longer a principal  
23 residence as defined in section 7dd. The local tax collecting unit  
24 shall forward copies of affidavits to the department of treasury  
25 according to a schedule prescribed by the department of treasury.

26 (5) Not more than 90 days after exempted property is no longer  
27 used as a principal residence by the owner claiming an exemption,

1 that owner shall rescind the claim of exemption by filing with the  
2 local tax collecting unit a rescission form prescribed by the  
3 department of treasury. However, if an owner is eligible for and  
4 claims an exemption for that owner's current principal residence,  
5 that owner may retain an exemption for not more than 3 tax years on  
6 property previously exempt as his or her principal residence if  
7 that property is not occupied, is for sale, is not leased, and is  
8 not used for any business or commercial purpose by filing a  
9 conditional rescission form prescribed by the department of  
10 treasury on or before May 1 with the local tax collecting unit.  
11 Property is eligible for a conditional rescission if that property  
12 is available for lease and all other conditions under this  
13 subsection are met. A copy of the conditional rescission form shall  
14 be forwarded to the department of treasury according to a schedule  
15 prescribed by the department of treasury. An owner who files a  
16 conditional rescission form shall annually verify to the assessor  
17 of the local tax collecting unit on or before December 31 that the  
18 property for which the principal residence exemption is retained is  
19 not occupied, is for sale, is not leased, and is not used for any  
20 business or commercial purpose. If an owner does not annually  
21 verify by December 31 that the property for which the principal  
22 residence exemption is retained is not occupied, is for sale, is  
23 not leased, and is not used for any business or commercial purpose,  
24 the assessor of the local tax collecting unit shall deny the  
25 principal residence exemption on that property. If property subject  
26 to a conditional rescission is leased, the local tax collecting  
27 unit shall deny that conditional rescission and that denial is

1 retroactive and is effective on December 31 of the year immediately  
2 preceding the year in which the property subject to the conditional  
3 rescission is leased. An owner who fails to file a rescission as  
4 required by this subsection is subject to a penalty of \$5.00 per  
5 day for each separate failure beginning after the 90 days have  
6 elapsed, up to a maximum of \$200.00. This penalty shall be  
7 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be  
8 deposited in the state school aid fund established in section 11 of  
9 article IX of the state constitution of 1963. This penalty may be  
10 waived by the department of treasury.

11 (6) Except as otherwise provided in subsection (5), if the  
12 assessor of the local tax collecting unit believes that the  
13 property for which an exemption is claimed is not the principal  
14 residence of the owner claiming the exemption, the assessor may  
15 deny a new or existing claim by notifying the owner and the  
16 department of treasury in writing of the reason for the denial and  
17 advising the owner that the denial may be appealed to the  
18 residential and small claims division of the Michigan tax tribunal  
19 within 35 days after the date of the notice. The assessor may deny  
20 a claim for exemption for the current year and for the 3  
21 immediately preceding calendar years. If the assessor denies an  
22 existing claim for exemption, the assessor shall remove the  
23 exemption of the property and, if the tax roll is in the local tax  
24 collecting unit's possession, amend the tax roll to reflect the  
25 denial and the local treasurer shall within 30 days of the date of  
26 the denial issue a corrected tax bill for any additional taxes with  
27 interest at the rate of 1.25% per month or fraction of a month and

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

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

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

22 (8) The department of treasury shall determine if the property  
23 is the principal residence of the owner claiming the exemption. The  
24 department of treasury may review the validity of exemptions for  
25 the current calendar year and for the 3 immediately preceding  
26 calendar years. Except as otherwise provided in subsection (5), if  
27 the department of treasury determines that the property is not the



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

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

1 billed to the bona fide purchaser, and the local tax collecting  
2 unit if the local tax collecting unit has possession of the tax  
3 roll or the county treasurer if the county has possession of the  
4 tax roll shall notify the department of treasury of the amount of  
5 tax due and interest through the date of that notification. The  
6 department of treasury shall then assess the owner who claimed the  
7 exemption under this section for the tax and interest plus penalty  
8 accruing as a result of the denial of the claim for exemption, if  
9 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
10 205.31, and shall deposit any tax or penalty collected into the  
11 state school aid fund and shall distribute any interest collected  
12 as provided in subsection (23).

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

21 (10) A county may elect to audit the exemptions claimed under  
22 this section in all local tax collecting units located in that  
23 county as provided in this subsection. The election to audit  
24 exemptions shall be made by the county treasurer, or by the county  
25 equalization director with the concurrence by resolution of the  
26 county board of commissioners. The initial election to audit  
27 exemptions shall require an audit period of 2 years. Before 2009,

1 subsequent elections to audit exemptions shall be made every 2  
2 years and shall require 2 annual audit periods. Beginning in 2009,  
3 an election to audit exemptions shall be made every 5 years and  
4 shall require 5 annual audit periods. An election to audit  
5 exemptions shall be made by submitting an election to audit form to  
6 the assessor of each local tax collecting unit in that county and  
7 to the department of treasury not later than April 1 preceding the  
8 October 1 in the year in which an election to audit is made. The  
9 election to audit form required under this subsection shall be in a  
10 form prescribed by the department of treasury. If a county elects  
11 to audit the exemptions claimed under this section, the department  
12 of treasury may continue to review the validity of exemptions as  
13 provided in subsection (8). If a county does not elect to audit the  
14 exemptions claimed under this section as provided in this  
15 subsection, the department of treasury shall conduct an audit of  
16 exemptions claimed under this section in the initial 2-year audit  
17 period for each local tax collecting unit in that county unless the  
18 department of treasury has entered into an agreement with the  
19 assessor for that local tax collecting unit under subsection (9).

20 (11) If a county elects to audit the exemptions claimed under  
21 this section as provided in subsection (10) and the county  
22 treasurer or his or her designee or the county equalization  
23 director or his or her designee believes that the property for  
24 which an exemption is claimed is not the principal residence of the  
25 owner claiming the exemption, the county treasurer or his or her  
26 designee or the county equalization director or his or her designee  
27 may, except as otherwise provided in subsection (5), deny an

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

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

1 The department of treasury shall annually provide the county  
2 treasurer or his or her designee or the county equalization  
3 director or his or her designee a list of parcels of property  
4 located in that county for which an exemption may be erroneously  
5 claimed. The county treasurer or his or her designee or the county  
6 equalization director or his or her designee shall forward copies  
7 of the list provided by the department of treasury to each assessor  
8 in each local tax collecting unit in that county within 10 days of  
9 receiving the list.

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

18 (13) An owner may appeal a denial by the assessor of the local  
19 tax collecting unit under subsection (6), a final decision of the  
20 department of treasury under subsection (8), or a denial by the  
21 county treasurer or his or her designee or the county equalization  
22 director or his or her designee under subsection (11) to the  
23 residential and small claims division of the Michigan tax tribunal  
24 within 35 days of that decision. An owner is not required to pay  
25 the amount of tax in dispute in order to appeal a denial of a claim  
26 of exemption to the department of treasury or to receive a final  
27 determination of the residential and small claims division of the

1 Michigan tax tribunal. However, interest at the rate of 1.25% per  
2 month or fraction of a month and penalties shall accrue and be  
3 computed from the date the taxes were last payable without interest  
4 and penalty. If the residential and small claims division of the  
5 Michigan tax tribunal grants an owner's appeal of a denial and that  
6 owner has paid the interest due as a result of a denial under  
7 subsection (6), (8), or (11), the interest received after a  
8 distribution was made under subsection (23) shall be refunded.

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

15 (15) Except as otherwise provided in subsection (5), an  
16 affidavit filed by an owner for the exemption under this section  
17 rescinds all previous exemptions filed by that owner for any other  
18 property. The department of treasury shall notify the assessor of  
19 the local tax collecting unit in which the property for which a  
20 previous exemption was claimed is located if the previous exemption  
21 is rescinded by the subsequent affidavit. When an exemption is  
22 rescinded, the assessor of the local tax collecting unit shall  
23 remove the exemption effective December 31 of the year in which the  
24 affidavit was filed that rescinded the exemption. For any year for  
25 which the rescinded exemption has not been removed from the tax  
26 roll, the exemption shall be denied as provided in this section.  
27 However, interest and penalty shall not be imposed for a year for



1 which a rescission form has been timely filed under subsection (5).

2 (16) Except as otherwise provided in subsection (28), if the  
3 principal residence is part of a unit in a multiple-unit dwelling  
4 or a dwelling unit in a multiple-purpose structure, an owner shall  
5 claim an exemption for only that portion of the total taxable value  
6 of the property used as the principal residence of that owner in a  
7 manner prescribed by the department of treasury. If a portion of a  
8 parcel for which the owner claims an exemption is used for a  
9 purpose other than as a principal residence, the owner shall claim  
10 an exemption for only that portion of the taxable value of the  
11 property used as the principal residence of that owner in a manner  
12 prescribed by the department of treasury.

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

16 (18) The department of treasury shall make available the  
17 affidavit forms and the forms to rescind an exemption, which may be  
18 on the same form, to all city and township assessors, county  
19 equalization officers, county registers of deeds, and closing  
20 agents. A person who prepares a closing statement for the sale of  
21 property shall provide affidavit and rescission forms to the buyer  
22 and seller at the closing and, if requested by the buyer or seller  
23 after execution by the buyer or seller, shall file the forms with  
24 the local tax collecting unit in which the property is located. If  
25 a closing statement preparer fails to provide exemption affidavit  
26 and rescission forms to the buyer and seller, or fails to file the  
27 affidavit and rescission forms with the local tax collecting unit

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

15 (19) An owner who owned and occupied a principal residence on  
16 May 1 for which the exemption was not on the tax roll may file an  
17 appeal with the July board of review or December board of review in  
18 the year for which the exemption was claimed or the immediately  
19 succeeding 3 years. If an appeal of a claim for exemption that was  
20 not on the tax roll is received not later than 5 days prior to the  
21 date of the December board of review, the local tax collecting unit  
22 shall convene a December board of review and consider the appeal  
23 pursuant to this section and section 53b. For the 2008 tax year  
24 only, an owner of property eligible for a conditional rescission  
25 under subsection (5) who did not file a conditional rescission form  
26 prescribed by the department of treasury with the local tax  
27 collecting unit on or before May 1, 2008 may file an appeal with

1 the 2008 July board of review or 2008 December board of review to  
2 claim a conditional rescission for the 2008 tax year. For the 2008  
3 and 2009 tax years only, an owner of property classified as timber-  
4 cutover real property adjoining or contiguous to that owner's  
5 principal residence who did not claim an exemption for the property  
6 classified as timber-cutover real property under this section  
7 before May 1, 2009 or whose claim for exemption under this section  
8 for that property classified as timber-cutover real property was  
9 denied before May 1, 2009 may file an appeal with the 2009 December  
10 board of review or the 2010 July board of review to claim an  
11 exemption under this section for that property classified as  
12 timber-cutover real property for the 2008 and 2009 tax years.

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

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

1 within 30 days of the date the exemption is granted. The rebate  
2 shall be without interest. If an exemption for property classified  
3 as timber-cutover real property is granted under this section for  
4 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
5 delinquent and unpaid penalty, interest, and tax resulting from  
6 that property not having been exempt under this section for the  
7 2008 or 2009 tax year shall be waived.

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

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

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

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

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

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

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

16 (b) If the department of treasury denies the exemption under  
17 this section, as follows:

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

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

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

21 (c) If the county treasurer or his or her designee or the  
22 county equalization director or his or her designee denies the  
23 exemption under this section, as follows:

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

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

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

27 (24) Interest distributed under subsection (23) is subject to

1 the following conditions:

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

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

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

23 (26) A cooperative housing corporation is entitled to a full  
24 or partial exemption under this section for the tax year in which  
25 the cooperative housing corporation files all of the following with  
26 the local tax collecting unit in which the cooperative housing  
27 corporation is located if filed on or before May 1 **FOR TAXES LEVIED**

1 BEFORE JANUARY 1, 2012, OR, FOR TAXES LEVIED AFTER DECEMBER 31,  
2 2011, AT ANY TIME AFTER TAX DAY IN A TAX YEAR. IF AN AFFIDAVIT IS  
3 FILED ON OR BEFORE MAY 1, THE EXEMPTION SHALL BE FOR THE TOTAL  
4 AMOUNT OF THE TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL  
5 OPERATING PURPOSES TO THE EXTENT PROVIDED UNDER SECTION 1211 OF THE  
6 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211. IF THE AFFIDAVIT IS  
7 FILED AFTER MAY 1, THE EXEMPTION SHALL BE FOR THAT PORTION OF TAXES  
8 LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES LEVIED  
9 IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE NUMBER  
10 OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL  
11 DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE  
12 NUMBER OF DAYS IN THAT TAX YEAR:

13 (a) An affidavit form.

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

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

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

1           (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
2 of each county shall forward to the department of education a  
3 statement of the taxable value of each school district and fraction  
4 of a school district within the county for the preceding 4 calendar  
5 years. This requirement is in addition to the requirement set forth  
6 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
7 388.1751.

8           (28) For a parcel of property open and available for use as a  
9 bed and breakfast, the portion of the taxable value of the property  
10 used as a principal residence under subsection (16) shall be  
11 calculated in the following manner:

12           (a) Add all of the following:

13           (i) The square footage of the property used exclusively as that  
14 owner's principal residence.

15           (ii) 50% of the square footage of the property's common area.

16           (iii) If the property was not open and available for use as a  
17 bed and breakfast for 90 or more consecutive days in the  
18 immediately preceding 12-month period, the result of the following  
19 calculation:

20           (A) Add the square footage of the property that is open and  
21 available regularly and exclusively as a bed and breakfast, and 50%  
22 of the square footage of the property's common area.

23           (B) Multiply the result of the calculation in sub-subparagraph  
24 (A) by a fraction, the numerator of which is the number of  
25 consecutive days in the immediately preceding 12-month period that  
26 the property was not open and available for use as a bed and  
27 breakfast and the denominator of which is 365.



1           (b) Divide the result of the calculation in subdivision (a) by  
2 the total square footage of the property.

3           (29) The owner claiming an exemption under this section for  
4 property open and available as a bed and breakfast shall file an  
5 affidavit claiming the exemption on or before May 1 with the local  
6 tax collecting unit in which the property is located. The affidavit  
7 shall be in a form prescribed by the department of treasury.

8           (30) As used in this section:

9           (a) "Bed and breakfast" means property classified as  
10 residential real property under section 34c that meets all of the  
11 following criteria:

12           (i) Has 10 or fewer sleeping rooms, including sleeping rooms  
13 occupied by the owner of the property, 1 or more of which are  
14 available for rent to transient tenants.

15           (ii) Serves meals at no extra cost to its transient tenants.

16           (iii) Has a smoke detector in proper working order in each  
17 sleeping room and a fire extinguisher in proper working order on  
18 each floor.

19           (b) "Common area" includes, but is not limited to, a kitchen,  
20 dining room, living room, fitness room, porch, hallway, laundry  
21 room, or bathroom that is available for use by guests of a bed and  
22 breakfast or, unless guests are specifically prohibited from access  
23 to the area, an area that is used to provide a service to guests of  
24 a bed and breakfast.