

**SUBSTITUTE FOR
SENATE BILL NO. 25**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2012 PA 524.

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19 state that is not rescinded or a substantially similar exemption,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21 rescinded.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27 exemption and that exemption shall remain in effect until rescinded

1 as provided in this section.

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

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

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

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

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

24 (e) That person has previously rescinded an exemption under
25 this section for the same property for which an exemption is now
26 claimed and there has not been a transfer of ownership of that
27 property after the previous exemption was rescinded, if either of

1 the following conditions is satisfied:

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

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

8 (4) Upon receipt of an affidavit filed under subsection (2)
9 and unless the claim is denied under this section, the assessor
10 shall exempt the property from the collection of the tax levied by
11 a local school district for school operating purposes to the extent
12 provided under section 1211 of the revised school code, 1976 PA
13 451, MCL 380.1211, as provided in subsection (1) until December 31
14 of the year in which the property is transferred or, except as
15 otherwise provided in subsection (5), is no longer a principal
16 residence as defined in section 7dd. The local tax collecting unit
17 shall forward copies of affidavits to the department of treasury
18 according to a schedule prescribed by the department of treasury.

19 (5) Except as otherwise provided in this subsection, not more
20 than 90 days after exempted property is no longer used as a
21 principal residence by the owner claiming an exemption, that owner
22 shall rescind the claim of exemption by filing with the local tax
23 collecting unit a rescission form prescribed by the department of
24 treasury. If an owner is eligible for and claims an exemption for
25 that owner's current principal residence, that owner may retain an
26 exemption for not more than 3 tax years on property previously
27 exempt as his or her principal residence if that property is not

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

1 property is available for lease and all other conditions under this
2 subsection are met. A copy of a conditional rescission form shall
3 be forwarded to the department of treasury according to a schedule
4 prescribed by the department of treasury. An owner or a land
5 contract vendor, bank, credit union, or other lending institution
6 that files a conditional rescission form shall annually verify to
7 the assessor of the local tax collecting unit on or before December
8 31 that the property for which the principal residence exemption is
9 retained is not occupied other than by the person who claimed the
10 exemption under this section immediately preceding the foreclosure
11 or forfeiture, is for sale, is not leased except as otherwise
12 provided in this section, and is not used for any business or
13 commercial purpose. The land contract vendor, bank, credit union,
14 or other lending institution may retain the exemption authorized
15 under this section for not more than 3 tax years. If an owner or a
16 land contract vendor, bank, credit union, or other lending
17 institution does not annually verify by December 31 that the
18 property for which the principal residence exemption is retained is
19 not occupied other than by the person who claimed the exemption
20 under this section immediately preceding the foreclosure or
21 forfeiture, is for sale, is not leased except as otherwise provided
22 in this section, and is not used for any business or commercial
23 purpose, the assessor of the local tax collecting unit shall deny
24 the principal residence exemption on that property. Except as
25 otherwise provided in this section, if property subject to a
26 conditional rescission is leased, the local tax collecting unit
27 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. If a land contract vendor,
11 bank, credit union, or other lending institution retains an
12 exemption on property under this subsection, that land contract
13 vendor, bank, credit union, or other lending institution shall pay
14 an amount equal to the additional amount that land contract vendor,
15 bank, credit union, or other lending institution would have paid
16 under section 1211 of the revised school code, 1976 PA 451, MCL
17 380.1211, if an exemption had not been retained on that property,
18 together with an administration fee equal to the property tax
19 administration fee imposed under section 44. The payment required
20 under this subsection shall be collected by the local tax
21 collecting unit at the same time and in the same manner as taxes
22 collected under this act. The administration fee shall be retained
23 by the local tax collecting unit. The amount collected that the
24 land contract vendor, bank, credit union, or other lending
25 institution would have paid under section 1211 of the revised
26 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
27 been retained on that property is an amount that is not captured by

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

1 if the owner manifests an intent to return to that property by
2 satisfying all of the following conditions:

3 (a) The owner continues to own that property while residing in
4 the nursing home or assisted living facility.

5 (b) The owner has not established a new principal residence.

6 (c) The owner maintains or provides for the maintenance of
7 that property while residing in the nursing home or assisted living
8 facility.

9 (d) That property is not occupied, is not for sale, is not
10 leased, and is not used for any business or commercial purpose.

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)~~—(25). 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)~~—(25). The denial shall be made on a form
7 prescribed by the department of treasury. If the property for which
8 the assessor has denied a claim for exemption under this subsection
9 is located 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 **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (21), THE** department of
25 treasury may review the validity of exemptions for the current
26 calendar year and for the 3 immediately preceding calendar years.
27 Except as otherwise provided in subsection (5), if the department

1 of treasury determines that the property is not the principal
2 residence of the owner claiming the exemption, the department shall
3 send a notice of that determination to the local tax collecting
4 unit and to the owner of the property claiming the exemption,
5 indicating that the claim for exemption is denied, stating the
6 reason for the denial, and advising the owner claiming the
7 exemption of the right to appeal the determination to the
8 department of treasury and what those rights of appeal are. The
9 department of treasury may issue a notice denying a claim if an
10 owner fails to respond within 30 days of receipt of a request for
11 information from that department. An owner may appeal the denial of
12 a claim of exemption to the department of treasury within 35 days
13 of receipt of the notice of denial. An appeal to the department of
14 treasury shall be conducted according to the provisions for an
15 informal conference in section 21 of 1941 PA 122, MCL 205.21.
16 Within 10 days after acknowledging an appeal of a denial of a claim
17 of exemption, the department of treasury shall notify the assessor
18 and the treasurer for the county in which the property is located
19 that an appeal has been filed. Upon receipt of a notice that the
20 department of treasury has denied a claim for exemption, the
21 assessor shall remove the exemption of the property and, if the tax
22 roll is in the local tax collecting unit's possession, amend the
23 tax roll to reflect the denial and the local treasurer shall within
24 30 days of the date of the denial issue a corrected tax bill for
25 any additional taxes with interest at the rate of 1.25% per month
26 or fraction of a month and penalties computed from the date the
27 taxes were last payable without interest and penalty. If the tax

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

1 interest, and penalties shall not be a lien on the property and
2 shall not be billed to the bona fide purchaser, and the local tax
3 collecting unit if the local tax collecting unit has possession of
4 the tax roll or the county treasurer if the county has possession
5 of the tax roll shall notify the department of treasury of the
6 amount of tax due and interest through the date of that
7 notification. The department of treasury shall then assess the
8 owner who claimed the exemption under this section for the tax and
9 interest plus penalty accruing as a result of the denial of the
10 claim for exemption, if any, as for unpaid taxes provided under
11 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
12 penalty collected into the state school aid fund and shall
13 distribute any interest collected as provided in subsection
14 ~~(23)~~-(25).

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

23 (10) A county may elect to audit the exemptions claimed under
24 this section in all local tax collecting units located in that
25 county as provided in this subsection. The election to audit
26 exemptions shall be made by the county treasurer, or by the county
27 equalization director with the concurrence by resolution of the

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

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

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

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

1 penalty collected into the state school aid fund and shall
2 distribute any interest collected as provided in subsection ~~(23)~~.
3 (25). The department of treasury shall annually provide the county
4 treasurer or his or her designee or the county equalization
5 director or his or her designee a list of parcels of property
6 located in that county for which an exemption may be erroneously
7 claimed. The county treasurer or his or her designee or the county
8 equalization director or his or her designee shall forward copies
9 of the list provided by the department of treasury to each assessor
10 in each local tax collecting unit in that county within 10 days of
11 receiving the list.

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

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

1 of exemption to the department of treasury or to receive a final
2 determination of the residential and small claims division of the
3 Michigan tax tribunal. However, interest at the rate of 1.25% per
4 month or fraction of a month and penalties shall accrue and be
5 computed from the date the taxes were last payable without interest
6 and penalty. If the residential and small claims division of the
7 Michigan tax tribunal grants an owner's appeal of a denial and that
8 owner has paid the interest due as a result of a denial under
9 subsection (6), (8), or (11), the interest received after a
10 distribution was made under subsection ~~(23)~~-(25) shall be refunded.

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

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

1 roll, the exemption shall be denied as provided in this section.
2 However, interest and penalty shall not be imposed for a year for
3 which a rescission form has been timely filed under subsection (5).

4 (16) Except as otherwise provided in subsection ~~(28)~~, ~~(30)~~, if
5 the principal residence is part of a unit in a multiple-unit
6 dwelling or a dwelling unit in a multiple-purpose structure, an
7 owner shall claim an exemption for only that portion of the total
8 taxable value of the property used as the principal residence of
9 that owner in a manner prescribed by the department of treasury. If
10 a portion of a parcel for which the owner claims an exemption is
11 used for a purpose other than as a principal residence, the owner
12 shall claim an exemption for only that portion of the taxable value
13 of the property used as the principal residence of that owner in a
14 manner prescribed by the department of treasury.

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

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

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

17 (19) An owner who owned and occupied a principal residence on
18 May 1 for taxes levied before January 1, 2012 for which the
19 exemption was not on the tax roll may file an appeal with the July
20 board of review or December board of review in the year for which
21 the exemption was claimed or the immediately succeeding 3 years.
22 For taxes levied after December 31, 2011, an owner who owned and
23 occupied a principal residence on June 1 or November 1 for which
24 the exemption was not on the tax roll may file an appeal with the
25 July board of review or December board of review in the year for
26 which the exemption was claimed or the immediately succeeding 3
27 years. If an appeal of a claim for exemption that was not on the

1 tax roll is received not later than 5 days prior to the date of the
2 December board of review, the local tax collecting unit shall
3 convene a December board of review and consider the appeal pursuant
4 to this section and section 53b. ~~For the 2008 tax year only, an~~
5 ~~owner of property eligible for a conditional rescission under~~
6 ~~subsection (5) who did not file a conditional rescission form~~
7 ~~prescribed by the department of treasury with the local tax~~
8 ~~collecting unit on or before May 1, 2008 may file an appeal with~~
9 ~~the 2008 July board of review or 2008 December board of review to~~
10 ~~claim a conditional rescission for the 2008 tax year. For the 2008~~
11 ~~and 2009 tax years only, an owner of property classified as timber-~~
12 ~~cutover real property adjoining or contiguous to that owner's~~
13 ~~principal residence who did not claim an exemption for the property~~
14 ~~classified as timber cutover real property under this section~~
15 ~~before May 1, 2009 or whose claim for exemption under this section~~
16 ~~for that property classified as timber cutover real property was~~
17 ~~denied before May 1, 2009 may file an appeal with the 2009 December~~
18 ~~board of review or the 2010 July board of review to claim an~~
19 ~~exemption under this section for that property classified as~~
20 ~~timber cutover real property for the 2008 and 2009 tax years.~~

21 (20) AN OWNER WHO OWNED AND OCCUPIED A PRINCIPAL RESIDENCE
22 WITHIN THE TIME PERIOD PRESCRIBED IN SUBSECTION (2) IN ANY YEAR
23 BEFORE THE 3 IMMEDIATELY PRECEDING TAX YEARS FOR WHICH THE
24 EXEMPTION WAS NOT ON THE TAX ROLL AS A RESULT OF A QUALIFIED ERROR
25 ON THE PART OF THE LOCAL TAX COLLECTING UNIT MAY FILE A REQUEST FOR
26 THE EXEMPTION FOR THOSE TAX YEARS WITH THE DEPARTMENT OF TREASURY.
27 THE REQUEST FOR THE EXEMPTION SHALL BE IN A FORM PRESCRIBED BY THE

1 DEPARTMENT OF TREASURY AND SHALL INCLUDE ALL DOCUMENTATION THE
2 DEPARTMENT OF TREASURY CONSIDERS NECESSARY TO CONSIDER THE REQUEST
3 AND TO CORRECT ANY AFFECTED OFFICIAL RECORDS IF A QUALIFIED ERROR
4 ON THE PART OF THE LOCAL TAX COLLECTING UNIT IS RECOGNIZED AND AN
5 EXEMPTION IS GRANTED. IF THE DEPARTMENT OF TREASURY DENIES A
6 REQUEST FOR THE EXEMPTION UNDER THIS SUBSECTION, THE OWNER IS
7 RESPONSIBLE FOR ALL COSTS RELATED TO THE REQUEST AS DETERMINED BY
8 THE DEPARTMENT OF TREASURY. IF THE DEPARTMENT OF TREASURY GRANTS A
9 REQUEST FOR THE EXEMPTION UNDER THIS SUBSECTION AND THE EXEMPTION
10 RESULTS IN AN OVERPAYMENT OF THE TAX IN THE YEARS UNDER
11 CONSIDERATION, THE DEPARTMENT OF TREASURY SHALL NOTIFY THE
12 TREASURER OF THE LOCAL TAX COLLECTING UNIT, THE COUNTY TREASURER,
13 AND OTHER AFFECTED OFFICIALS OF THE ERROR AND THE GRANTING OF THE
14 REQUEST FOR THE EXEMPTION AND ALL AFFECTED OFFICIAL RECORDS SHALL
15 BE CORRECTED CONSISTENT WITH GUIDANCE PROVIDED BY THE DEPARTMENT OF
16 TREASURY. IF GRANTING THE REQUEST FOR THE EXEMPTION RESULTS IN AN
17 OVERPAYMENT, A REBATE, INCLUDING ANY INTEREST PAID BY THE OWNER,
18 SHALL BE PAID TO THE OWNER WITHIN 30 DAYS OF THE RECEIPT OF THE
19 NOTICE. A REBATE SHALL BE WITHOUT INTEREST. THE TREASURER IN
20 POSSESSION OF THE APPROPRIATE TAX ROLL MAY DEDUCT THE REBATE FROM
21 THE APPROPRIATE TAX COLLECTING UNIT'S SUBSEQUENT DISTRIBUTION OF
22 TAXES. THE TREASURER IN POSSESSION OF THE APPROPRIATE TAX ROLL
23 SHALL BILL TO THE APPROPRIATE TAX COLLECTING UNIT THE TAX
24 COLLECTING UNIT'S SHARE OF TAXES REBATED. A LOCAL TAX COLLECTING
25 UNIT RESPONSIBLE FOR A QUALIFIED ERROR UNDER THIS SUBSECTION SHALL
26 REIMBURSE EACH COUNTY TREASURER AND OTHER AFFECTED LOCAL OFFICIAL
27 REQUIRED TO CORRECT OFFICIAL RECORDS UNDER THIS SUBSECTION FOR THE

1 COSTS INCURRED IN COMPLYING WITH THIS SUBSECTION.

2 (21) IF AN OWNER OF PROPERTY RECEIVED A PRINCIPAL RESIDENCE
3 EXEMPTION TO WHICH THAT OWNER WAS NOT ENTITLED IN ANY YEAR BEFORE
4 THE 3 IMMEDIATELY PRECEDING TAX YEARS, AS A RESULT OF A QUALIFIED
5 ERROR ON THE PART OF THE LOCAL TAX COLLECTING UNIT, THE DEPARTMENT
6 OF TREASURY MAY DENY THE PRINCIPAL RESIDENCE EXEMPTION AS PROVIDED
7 IN SUBSECTION (8). IF THE DEPARTMENT OF TREASURY DENIES AN
8 EXEMPTION UNDER THIS SUBSECTION, THE OWNER SHALL BE ISSUED A
9 CORRECTED OR SUPPLEMENTAL TAX BILL AS PROVIDED IN SUBSECTION (8),
10 EXCEPT INTEREST SHALL NOT ACCRUE UNTIL 60 DAYS AFTER THE DATE THE
11 CORRECTED OR SUPPLEMENTAL TAX BILL IS ISSUED. A LOCAL TAX
12 COLLECTING UNIT RESPONSIBLE FOR A QUALIFIED ERROR UNDER THIS
13 SUBSECTION SHALL REIMBURSE EACH COUNTY TREASURER AND OTHER AFFECTED
14 LOCAL OFFICIAL REQUIRED TO CORRECT OFFICIAL RECORDS UNDER THIS
15 SUBSECTION FOR THE COSTS INCURRED IN COMPLYING WITH THIS
16 SUBSECTION.

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

27 (23) ~~(21)~~—If granting the exemption under this section results

1 in an overpayment of the tax, a rebate, including any interest
2 paid, shall be made to the taxpayer by the local tax collecting
3 unit if the local tax collecting unit has possession of the tax
4 roll or by the county treasurer if the county has possession of the
5 tax roll within 30 days of the date the exemption is granted. The
6 rebate shall be without interest. If an exemption for property
7 classified as timber-cutover real property is granted under this
8 section for the 2008 or 2009 tax year, the tax roll shall be
9 corrected and any delinquent and unpaid penalty, interest, and tax
10 resulting from that property not having been exempt under this
11 section for the 2008 or 2009 tax year shall be waived.

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

1 treasurer if the county has possession of the tax roll. Unless a
2 denial has been issued prior to July 1, 2003, if an owner requests
3 that an exemption under this section be withdrawn and that owner
4 pays the corrected tax bill issued under this subsection within 30
5 days after the corrected tax bill is issued, that owner is not
6 liable for any penalty or interest on the additional tax. An owner
7 who pays a corrected tax bill issued under this subsection more
8 than 30 days after the corrected tax bill is issued is liable for
9 the penalties and interest that would have accrued if the exemption
10 had not been granted from the date the taxes were originally
11 levied.

12 (25) ~~(23)~~ Subject to subsection ~~(24)~~, (26), interest at the
13 rate of 1.25% per month or fraction of a month collected under
14 subsection (6), (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

25 (c) If the county treasurer or his or her designee or the
26 county equalization director or his or her designee denies the
27 exemption under this section, as follows:

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

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

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

4 (26) ~~(24)~~—Interest distributed under subsection ~~(23)~~—(25) is
5 subject to the following conditions:

6 (a) Interest distributed to a county shall be deposited into a
7 restricted fund to be used solely for the administration of
8 exemptions under this section. Money in that restricted fund shall
9 lapse to the county general fund on the December 31 in the year 3
10 years after the first distribution of interest to the county under
11 subsection ~~(23)~~—(25) and on each succeeding December 31 thereafter.

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

24 (27) ~~(25)~~—Interest distributed under subsection ~~(23)~~—(25) is
25 in addition to and shall not affect the levy or collection of the
26 county property tax administration fee established under this act.

27 (28) ~~(26)~~—A cooperative housing corporation is entitled to a

1 full or partial exemption under this section for the tax year in
2 which the cooperative housing corporation files all of the
3 following with the local tax collecting unit in which the
4 cooperative housing corporation is located if filed within the time
5 period prescribed in subsection (2):

6 (a) An affidavit form.

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

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

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

21 (29) ~~(27)~~—Before May 1, 2004 and before May 1, 2005, the
22 treasurer of each county shall forward to the department of
23 education a statement of the taxable value of each school district
24 and fraction of a school district within the county for the
25 preceding 4 calendar years. This requirement is in addition to the
26 requirement set forth in section 151 of the state school aid act of
27 1979, 1979 PA 94, MCL 388.1751.

1 **(30)** ~~(28)~~—For a parcel of property open and available for use
2 as a bed and breakfast, the portion of the taxable value of the
3 property used as a principal residence under subsection (16) shall
4 be calculated in the following manner:

5 (a) Add all of the following:

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

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

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

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

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

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

23 **(31)** ~~(29)~~—The owner claiming an exemption under this section
24 for property open and available as a bed and breakfast shall file
25 an affidavit claiming the exemption within the time period
26 prescribed in subsection (2) with the local tax collecting unit in
27 which the property is located. The affidavit shall be in a form

1 prescribed by the department of treasury.

2 (32) ~~(30)~~—As used in this section:

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

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

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

10 (iii) Has a smoke detector in proper working order in each
11 sleeping room and a fire extinguisher in proper working order on
12 each floor.

13 (b) "Common area" includes, but is not limited to, a kitchen,
14 dining room, living room, fitness room, porch, hallway, laundry
15 room, or bathroom that is available for use by guests of a bed and
16 breakfast or, unless guests are specifically prohibited from access
17 to the area, an area that is used to provide a service to guests of
18 a bed and breakfast.

19 (C) "QUALIFIED ERROR" MEANS THAT TERM AS DEFINED IN SECTION
20 53B.