

HOUSE BILL No. 5733

August 27, 2014, Introduced by Rep. Shirkey 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 2014 PA 40.

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 (28) for a cooperative
16 housing corporation. The affidavit shall require the owner claiming
17 the exemption to indicate if that owner or that owner's spouse has
18 claimed another exemption on property in this state that is not
19 rescinded or a substantially similar exemption, deduction, or
20 credit on property in another state that is not rescinded. If the
21 affidavit requires an owner to include a social security number,
22 that owner's number is subject to the disclosure restrictions in
23 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
24 affidavit for an exemption under this section before January 1,
25 2004, that affidavit shall be considered the affidavit required
26 under this subsection for a principal residence exemption and that
27 exemption shall remain in effect until rescinded as provided in

1 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). IF A DECEDENT HAD CLAIMED AN EXEMPTION FOR PROPERTY AS A
6 PRINCIPAL RESIDENCE UNDER THIS SECTION AT THE TIME OF HIS OR HER
7 DEATH AND A PERSON ACQUIRES OWNERSHIP OF THAT PROPERTY AS A RESULT
8 OF A DISTRIBUTION UNDER A WILL OR BY INTESTATE SUCCESSION, THAT
9 PERSON, REGARDLESS OF WHETHER HE OR SHE MOVES INTO THAT PROPERTY,
10 MAY RETAIN AN EXEMPTION FOR NOT MORE THAN 3 TAX YEARS ON THAT
11 PROPERTY PREVIOUSLY EXEMPT AS THE DECEDENT'S PRINCIPAL RESIDENCE IF
12 THAT PROPERTY IS NOT LEASED OR OTHERWISE OCCUPIED, IS FOR SALE, AND
13 IS NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE. A PERSON THAT
14 ACQUIRES OWNERSHIP OF PROPERTY PURSUANT TO A WILL OR BY INTESTATE
15 SUCCESSION FOR WHICH THE DECEDENT HAD CLAIMED AN EXEMPTION AS A
16 PRINCIPAL RESIDENCE HAS A 90-DAY GRACE PERIOD TO CONSIDER WHETHER
17 TO MOVE INTO THAT PROPERTY AND USE IT AS HIS OR HER OWN PRINCIPAL
18 RESIDENCE OR TO SELL THAT PROPERTY. IF THAT PERSON MOVES INTO THAT
19 PROPERTY OR OFFERS IT FOR SALE WITHIN THE 90-DAY PERIOD, THE
20 EXEMPTION SHALL APPLY RETROACTIVELY BACK TO THE DATE HE OR SHE
21 ACQUIRED THAT PROPERTY. THAT PERSON SHALL FILE AN AFFIDAVIT AS
22 PRESCRIBED BY THE DEPARTMENT OF TREASURY WITH THE LOCAL TAX
23 COLLECTING UNIT WITHIN THE TIME PERIOD PRESCRIBED IN SUBSECTION
24 (2). A PERSON THAT CLAIMS AN EXEMPTION FOR PROPERTY AS A PRINCIPAL
25 RESIDENCE THAT HE OR SHE ACQUIRED UNDER A WILL OR BY INTESTATE
26 SUCCESSION AS DESCRIBED IN THIS SUBSECTION DOES NOT EFFECT HIS OR
27 HER RIGHT TO MAINTAIN AN EXEMPTION FOR ANOTHER PROPERTY AS HIS OR

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

1 all other conditions under this subsection are met. A copy of a
2 conditional rescission form shall be forwarded to the department of
3 treasury according to a schedule prescribed by the department of
4 treasury. An owner or a land contract vendor, bank, credit union,
5 or other lending institution that files a conditional rescission
6 form shall annually verify to the assessor of the local tax
7 collecting unit on or before December 31 that the property for
8 which the principal residence exemption is retained is not occupied
9 other than by the person who claimed the exemption under this
10 section immediately preceding the foreclosure or forfeiture, is for
11 sale, is not leased except as otherwise provided in this section,
12 and is not used for any business or commercial purpose. The land
13 contract vendor, bank, credit union, or other lending institution
14 may retain the exemption authorized under this section for not more
15 than 3 tax years. If an owner or a land contract vendor, bank,
16 credit union, or other lending institution does not annually verify
17 by December 31 that the property for which the principal residence
18 exemption is retained is not occupied other than by the person who
19 claimed the exemption under this section immediately preceding the
20 foreclosure or forfeiture, is for sale, is not leased except as
21 otherwise provided in this section, and is not used for any
22 business or commercial purpose, the assessor of the local tax
23 collecting unit shall deny the principal residence exemption on
24 that property. Except as otherwise provided in this section, if
25 property subject to a conditional rescission is leased, the local
26 tax collecting unit shall deny that conditional rescission and that
27 denial is retroactive and is effective on December 31 of the year

1 immediately preceding the year in which the property subject to the
2 conditional rescission is leased. An owner who fails to file a
3 rescission as required by this subsection is subject to a penalty
4 of \$5.00 per day for each separate failure beginning after the 90
5 days have elapsed, up to a maximum of \$200.00. This penalty shall
6 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
7 deposited in the state school aid fund established in section 11 of
8 article IX of the state constitution of 1963. This penalty may be
9 waived by the department of treasury. If a land contract vendor,
10 bank, credit union, or other lending institution retains an
11 exemption on property under this subsection, that land contract
12 vendor, bank, credit union, or other lending institution shall pay
13 an amount equal to the additional amount that land contract vendor,
14 bank, credit union, or other lending institution would have paid
15 under section 1211 of the revised school code, 1976 PA 451, MCL
16 380.1211, if an exemption had not been retained on that property,
17 together with an administration fee equal to the property tax
18 administration fee imposed under section 44. The payment required
19 under this subsection shall be collected by the local tax
20 collecting unit at the same time and in the same manner as taxes
21 collected under this act. The administration fee shall be retained
22 by the local tax collecting unit. The amount collected that the
23 land contract vendor, bank, credit union, or other lending
24 institution would have paid under section 1211 of the revised
25 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
26 been retained on that property is an amount that is not captured by
27 any authority as tax increment revenues and shall be distributed to

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

1 satisfying all of the following conditions:

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

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

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

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

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

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

1 a result of the denial of the claim for exemption, if any, as for
2 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
3 shall deposit any tax or penalty collected into the state school
4 aid fund and shall distribute any interest collected as provided in
5 subsection (25). The denial shall be made on a form prescribed by
6 the department of treasury. If the property for which the assessor
7 has denied a claim for exemption under this subsection is located
8 in a county in which the county treasurer or the county
9 equalization director have elected to audit exemptions under
10 subsection (10), the assessor shall notify the county treasurer or
11 the county equalization director of the denial under this
12 subsection.

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

21 (8) The department of treasury shall determine if the property
22 is the principal residence of the owner claiming the exemption.
23 Except as otherwise provided in subsection (21), the department of
24 treasury may review the validity of exemptions for the current
25 calendar year and for the 3 immediately preceding calendar years.
26 Except as otherwise provided in subsection (5), if the department
27 of treasury determines that the property is not the principal

1 residence of the owner claiming the exemption, the department shall
2 send a notice of that determination to the local tax collecting
3 unit and to the owner of the property claiming the exemption,
4 indicating that the claim for exemption is denied, stating the
5 reason for the denial, and advising the owner claiming the
6 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 (25). 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 (25).

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 (25). 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 (25).

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 (25) 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 (30), 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 taxes levied before January 1, 2012 for which the
17 exemption was not on the tax roll may file an appeal with the July
18 board of review or December board of review in the year for which
19 the exemption was claimed or the immediately succeeding 3 years.
20 For taxes levied after December 31, 2011, an owner who owned and
21 occupied a principal residence on June 1 or November 1 for which
22 the exemption was not on the tax roll may file an appeal with the
23 July board of review or December board of review in the year for
24 which the exemption was claimed or the immediately succeeding 3
25 years. If an appeal of a claim for exemption that was not on the
26 tax roll is received not later than 5 days prior to the date of the
27 December board of review, the local tax collecting unit shall

1 convene a December board of review and consider the appeal pursuant
2 to this section and section 53b.

3 (20) An owner who owned and occupied a principal residence
4 within the time period prescribed in subsection (2) in any year
5 before the 3 immediately preceding tax years for which the
6 exemption was not on the tax roll as a result of a qualified error
7 on the part of the local tax collecting unit may file a request for
8 the exemption for those tax years with the department of treasury.
9 The request for the exemption shall be in a form prescribed by the
10 department of treasury and shall include all documentation the
11 department of treasury considers necessary to consider the request
12 and to correct any affected official records if a qualified error
13 on the part of the local tax collecting unit is recognized and an
14 exemption is granted. If the department of treasury denies a
15 request for the exemption under this subsection, the owner is
16 responsible for all costs related to the request as determined by
17 the department of treasury. If the department of treasury grants a
18 request for the exemption under this subsection and the exemption
19 results in an overpayment of the tax in the years under
20 consideration, the department of treasury shall notify the
21 treasurer of the local tax collecting unit, the county treasurer,
22 and other affected officials of the error and the granting of the
23 request for the exemption and all affected official records shall
24 be corrected consistent with guidance provided by the department of
25 treasury. If granting the request for the exemption results in an
26 overpayment, a rebate, including any interest paid by the owner,
27 shall be paid to the owner within 30 days of the receipt of the

1 notice. A rebate shall be without interest. The treasurer in
2 possession of the appropriate tax roll may deduct the rebate from
3 the appropriate tax collecting unit's subsequent distribution of
4 taxes. The treasurer in possession of the appropriate tax roll
5 shall bill to the appropriate tax collecting unit the tax
6 collecting unit's share of taxes rebated. A local tax collecting
7 unit responsible for a qualified error under this subsection shall
8 reimburse each county treasurer and other affected local official
9 required to correct official records under this subsection for the
10 costs incurred in complying with this subsection.

11 (21) If an owner of property received a principal residence
12 exemption to which that owner was not entitled in any year before
13 the 3 immediately preceding tax years, as a result of a qualified
14 error on the part of the local tax collecting unit, the department
15 of treasury may deny the principal residence exemption as provided
16 in subsection (8). If the department of treasury denies an
17 exemption under this subsection, the owner shall be issued a
18 corrected or supplemental tax bill as provided in subsection (8),
19 except interest shall not accrue until 60 days after the date the
20 corrected or supplemental tax bill is issued. A local tax
21 collecting unit responsible for a qualified error under this
22 subsection shall reimburse each county treasurer and other affected
23 local official required to correct official records under this
24 subsection for the costs incurred in complying with this
25 subsection.

26 (22) If the assessor or treasurer of the local tax collecting
27 unit believes that the department of treasury erroneously denied a

1 claim for exemption, the assessor or treasurer may submit written
2 information supporting the owner's claim for exemption to the
3 department of treasury within 35 days of the owner's receipt of the
4 notice denying the claim for exemption. If, after reviewing the
5 information provided, the department of treasury determines that
6 the claim for exemption was erroneously denied, the department of
7 treasury shall grant the exemption and the tax roll shall be
8 amended to reflect the exemption.

9 (23) If granting the exemption under this section results in
10 an overpayment of the tax, a rebate, including any interest paid,
11 shall be made to the taxpayer by the local tax collecting unit if
12 the local tax collecting unit has possession of the tax roll or by
13 the county treasurer if the county has possession of the tax roll
14 within 30 days of the date the exemption is granted. The rebate
15 shall be without interest. If an exemption for property classified
16 as timber-cutover real property is granted under this section for
17 the 2008 or 2009 tax year, the tax roll shall be corrected and any
18 delinquent and unpaid penalty, interest, and tax resulting from
19 that property not having been exempt under this section for the
20 2008 or 2009 tax year shall be waived.

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

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

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

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

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

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

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

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

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

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

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

7 (c) If the county treasurer or his or her designee or the
8 county equalization director or his or her designee denies the
9 exemption under this section, as follows:

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

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

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

13 (26) Interest distributed under subsection (25) is subject to
14 the following conditions:

15 (a) Interest distributed to a county shall be deposited into a
16 restricted fund to be used solely for the administration of
17 exemptions under this section. Money in that restricted fund shall
18 lapse to the county general fund on the December 31 in the year 3
19 years after the first distribution of interest to the county under
20 subsection (25) and on each succeeding December 31 thereafter.

21 (b) Interest distributed to the department of treasury shall
22 be deposited into the principal residence property tax exemption
23 audit fund, which is created within the state treasury. The state
24 treasurer may receive money or other assets from any source for
25 deposit into the fund. The state treasurer shall direct the
26 investment of the fund. The state treasurer shall credit to the
27 fund interest and earnings from fund investments. Money in the fund

1 shall be considered a work project account and at the close of the
2 fiscal year shall remain in the fund and shall not lapse to the
3 general fund. Money from the fund shall be expended, upon
4 appropriation, only for the purpose of auditing exemption
5 affidavits.

6 (27) Interest distributed under subsection (25) is in addition
7 to and shall not affect the levy or collection of the county
8 property tax administration fee established under this act.

9 (28) A cooperative housing corporation is entitled to a full
10 or partial exemption under this section for the tax year in which
11 the cooperative housing corporation files all of the following with
12 the local tax collecting unit in which the cooperative housing
13 corporation is located if filed within the time period prescribed
14 in subsection (2):

15 (a) An affidavit form.

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

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

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

1 immediately preceding the tax year in which the filing under this
2 section was made.

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

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

14 (a) Add all of the following:

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

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

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

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

25 (B) Multiply the result of the calculation in sub-subparagraph
26 (A) by a fraction, the numerator of which is the number of
27 consecutive days in the immediately preceding 12-month period that

1 the property was not open and available for use as a bed and
2 breakfast and the denominator of which is 365.

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

5 (31) The owner claiming an exemption under this section for
6 property open and available as a bed and breakfast shall file an
7 affidavit claiming the exemption within the time period prescribed
8 in subsection (2) with the local tax collecting unit in which the
9 property is located. The affidavit shall be in a form prescribed by
10 the department of treasury.

11 (32) As used in this section:

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

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

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

19 (iii) Has a smoke detector in proper working order in each
20 sleeping room and a fire extinguisher in proper working order on
21 each floor.

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

1 (c) "Qualified error" means that term as defined in section
2 53b.