

# SENATE BILL No. 25

January 16, 2013, Introduced by Senator HILDENBRAND and referred to the Committee on Finance.

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 324.

**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)~~ **(27)** 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19 state that is not rescinded or a substantially similar exemption,  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21 rescinded.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 on or before May 1  
4 with the local tax collecting unit. Beginning in the 2012 tax year,  
5 subject to the payment requirement set forth in this subsection, if  
6 a land contract vendor, bank, credit union, or other lending  
7 institution owns property as a result of having foreclosed on that  
8 property and that property had been exempt under this section  
9 immediately preceding the foreclosure, that land contract vendor,  
10 bank, credit union, or other lending institution may retain an  
11 exemption on that property under this section if that property is  
12 not occupied, is for sale, is not leased to any person other than  
13 the person who claimed the exemption under this section immediately  
14 preceding the foreclosure, and is not used for any business or  
15 commercial purpose. A land contract vendor, bank, credit union, or  
16 other lending institution may claim an exemption under this  
17 subsection by filing a conditional rescission form prescribed by  
18 the department of treasury with the local tax collecting unit  
19 within the time period prescribed in subsection (2). Property is  
20 eligible for a conditional rescission if that property is available  
21 for lease and all other conditions under this subsection are met. A  
22 copy of a conditional rescission form shall be forwarded to the  
23 department of treasury according to a schedule prescribed by the  
24 department of treasury. An owner or a land contract vendor, bank,  
25 credit union, or other lending institution that files a conditional  
26 rescission form shall annually verify to the assessor of the local  
27 tax collecting unit on or before December 31 that the property for

1 which the principal residence exemption is retained is not  
2 occupied, is for sale, is not leased except as otherwise provided  
3 in this section, and is not used for any business or commercial  
4 purpose. If an owner or a land contract vendor, bank, credit union,  
5 or other lending institution does not annually verify by December  
6 31 that the property for which the principal residence exemption is  
7 retained is not occupied, is for sale, is not leased except as  
8 otherwise provided in this section, and is not used for any  
9 business or commercial purpose, the assessor of the local tax  
10 collecting unit shall deny the principal residence exemption on  
11 that property. Except as otherwise provided in this section, **IF**  
12 property subject to a conditional rescission is leased, the local  
13 tax collecting unit shall deny that conditional rescission and that  
14 denial is retroactive and is effective on December 31 of the year  
15 immediately preceding the year in which the property subject to the  
16 conditional rescission is leased. An owner who fails to file a  
17 rescission as required by this subsection is subject to a penalty  
18 of \$5.00 per day for each separate failure beginning after the 90  
19 days have elapsed, up to a maximum of \$200.00. This penalty shall  
20 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be  
21 deposited in the state school aid fund established in section 11 of  
22 article IX of the state constitution of 1963. This penalty may be  
23 waived by the department of treasury. If a land contract vendor,  
24 bank, credit union, or other lending institution retains an  
25 exemption on property under this subsection, that land contract  
26 vendor, bank, credit union, or other lending institution shall pay  
27 an amount equal to the amount that land contract vendor, bank,

1 credit union, or other lending institution would have paid under  
2 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211,  
3 if an exemption had not been retained on that property, together  
4 with an administration fee equal to the property tax administration  
5 fee imposed under section 44. The payment required under this  
6 subsection shall be collected by the local tax collecting unit at  
7 the same time and in the same manner as taxes collected under this  
8 act. The administration fee shall be retained by the local tax  
9 collecting unit. The amount collected that the land contract  
10 vendor, bank, credit union, or other lending institution would have  
11 paid under section 1211 of the revised school code, 1976 PA 451,  
12 MCL 380.1211, if an exemption had not been retained on that  
13 property shall be distributed to the department of treasury for  
14 deposit into the state school aid fund established in section 11 of  
15 article IX of the state constitution of 1963. If a land contract  
16 vendor, bank, credit union, or other lending institution transfers  
17 ownership of property for which an exemption is retained under this  
18 subsection, that land contract vendor, bank, credit union, or other  
19 lending institution shall rescind the exemption as provided in this  
20 section and shall notify the treasurer of the local tax collecting  
21 unit of that transfer of ownership. If a land contract vendor,  
22 bank, credit union, or other lending institution fails to make the  
23 payment required under this subsection for any property, the local  
24 tax collecting unit shall deny that conditional rescission and that  
25 denial is retroactive and is effective on December 31 of the  
26 immediately preceding year. If the local tax collecting unit denies  
27 a conditional rescission, the local tax collecting unit shall

1 remove the exemption of the property and any additional taxes,  
2 penalties, and interest shall be collected as provided in this  
3 section. A person who previously occupied a property as his or her  
4 principal residence but now resides in a nursing home or assisted  
5 living facility may retain an exemption on ~~the~~ **THAT** property if the  
6 owner manifests an intent to return to ~~the~~ **THAT** property by  
7 satisfying all of the following conditions:

8 (a) The owner continues to own ~~the~~ **THAT** property while  
9 residing in the nursing home or assisted living facility.

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

11 (c) The owner maintains or provides for the maintenance of ~~the~~  
12 **THAT** property while residing in the nursing home or assisted living  
13 facility.

14 (d) ~~The~~ **THAT** property is not occupied, is not for sale, is not  
15 leased, and is not used for any business or commercial purpose.

16 (6) Except as otherwise provided in subsection (5), if the  
17 assessor of the local tax collecting unit believes that the  
18 property for which an exemption is claimed is not the principal  
19 residence of the owner claiming the exemption, the assessor may  
20 deny a new or existing claim by notifying the owner and the  
21 department of treasury in writing of the reason for the denial and  
22 advising the owner that the denial may be appealed to the  
23 residential and small claims division of the Michigan tax tribunal  
24 within 35 days after the date of the notice. The assessor may deny  
25 a claim for exemption for the current year and for the 3  
26 immediately preceding calendar years. If the assessor denies an  
27 existing claim for exemption, the assessor shall remove the



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

1 tax collecting unit has possession of the tax roll or the county  
2 treasurer if the county has possession of the tax roll shall notify  
3 the department of treasury of the amount of tax due, interest, and  
4 penalties through the date of that notification. The department of  
5 treasury shall then assess the owner who claimed the exemption  
6 under this section for the tax, interest, and penalties accruing as  
7 a result of the denial of the claim for exemption, if any, as for  
8 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and  
9 shall deposit any tax or penalty collected into the state school  
10 aid fund and shall distribute any interest collected as provided in  
11 subsection ~~(23)~~-(24). The denial shall be made on a form prescribed  
12 by the department of treasury. If the property for which the  
13 assessor has denied a claim for exemption under this subsection is  
14 located in a county in which the county treasurer or the county  
15 equalization director have elected to audit exemptions under  
16 subsection (10), the assessor shall notify the county treasurer or  
17 the county equalization director of the denial under this  
18 subsection.

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

27 (8) The department of treasury shall determine if the property

1 is the principal residence of the owner claiming the exemption. The  
2 department of treasury may review the validity of exemptions for  
3 the current calendar year and for the 3 immediately preceding  
4 calendar years. Except as otherwise provided in subsection (5), if  
5 the department of treasury determines that the property is not the  
6 principal residence of the owner claiming the exemption, the  
7 department shall send a notice of that determination to the local  
8 tax collecting unit and to the owner of the property claiming the  
9 exemption, indicating that the claim for exemption is denied,  
10 stating the reason for the denial, and advising the owner claiming  
11 the exemption of the right to appeal the determination to the  
12 department of treasury and what those rights of appeal are. The  
13 department of treasury may issue a notice denying a claim if an  
14 owner fails to respond within 30 days of receipt of a request for  
15 information from that department. An owner may appeal the denial of  
16 a claim of exemption to the department of treasury within 35 days  
17 of receipt of the notice of denial. An appeal to the department of  
18 treasury shall be conducted according to the provisions for an  
19 informal conference in section 21 of 1941 PA 122, MCL 205.21.  
20 Within 10 days after acknowledging an appeal of a denial of a claim  
21 of exemption, the department of treasury shall notify the assessor  
22 and the treasurer for the county in which the property is located  
23 that an appeal has been filed. Upon receipt of a notice that the  
24 department of treasury has denied a claim for exemption, the  
25 assessor shall remove the exemption of the property and, if the tax  
26 roll is in the local tax collecting unit's possession, amend the  
27 tax roll to reflect the denial and the local treasurer shall within

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

1 the interest due shall be distributed as provided in subsection  
2 ~~(23)~~-(24). However, if the property has been transferred to a bona  
3 fide purchaser before additional taxes were billed to the seller as  
4 a result of the denial of a claim for exemption, the taxes,  
5 interest, and penalties shall not be a lien on the property and  
6 shall not be billed to the bona fide purchaser, and the local tax  
7 collecting unit if the local tax collecting unit has possession of  
8 the tax roll or the county treasurer if the county has possession  
9 of the tax roll shall notify the department of treasury of the  
10 amount of tax due and interest through the date of that  
11 notification. The department of treasury shall then assess the  
12 owner who claimed the exemption under this section for the tax and  
13 interest plus penalty accruing as a result of the denial of the  
14 claim for exemption, if any, as for unpaid taxes provided under  
15 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
16 penalty collected into the state school aid fund and shall  
17 distribute any interest collected as provided in subsection  
18 ~~(23)~~-(24).

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

27 (10) A county may elect to audit the exemptions claimed under

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

26 (11) If a county elects to audit the exemptions claimed under  
27 this section as provided in subsection (10) and the county

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

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



1 owner who claimed the exemption under this section for the tax and  
2 interest plus penalty accruing as a result of the denial of the  
3 claim for exemption, if any, as for unpaid taxes provided under  
4 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
5 penalty collected into the state school aid fund and shall  
6 distribute any interest collected as provided in subsection ~~(23)~~  
7 (24). The department of treasury shall annually provide the county  
8 treasurer or his or her designee or the county equalization  
9 director or his or her designee a list of parcels of property  
10 located in that county for which an exemption may be erroneously  
11 claimed. The county treasurer or his or her designee or the county  
12 equalization director or his or her designee shall forward copies  
13 of the list provided by the department of treasury to each assessor  
14 in each local tax collecting unit in that county within 10 days of  
15 receiving the list.

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

24 (13) An owner may appeal a denial by the assessor of the local  
25 tax collecting unit under subsection (6), a final decision of the  
26 department of treasury under subsection (8), or a denial by the  
27 county treasurer or his or her designee or the county equalization

1 director or his or her designee under subsection (11) to the  
2 residential and small claims division of the Michigan tax tribunal  
3 within 35 days of that decision. An owner is not required to pay  
4 the amount of tax in dispute in order to appeal a denial of a claim  
5 of exemption to the department of treasury or to receive a final  
6 determination of the residential and small claims division of the  
7 Michigan tax tribunal. However, interest at the rate of 1.25% per  
8 month or fraction of a month and penalties shall accrue and be  
9 computed from the date the taxes were last payable without interest  
10 and penalty. If the residential and small claims division of the  
11 Michigan tax tribunal grants an owner's appeal of a denial and that  
12 owner has paid the interest due as a result of a denial under  
13 subsection (6), (8), or (11), the interest received after a  
14 distribution was made under subsection ~~(23)~~ **(24)** shall be refunded.

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

21 (15) Except as otherwise provided in subsection (5), an  
22 affidavit filed by an owner for the exemption under this section  
23 rescinds all previous exemptions filed by that owner for any other  
24 property. The department of treasury shall notify the assessor of  
25 the local tax collecting unit in which the property for which a  
26 previous exemption was claimed is located if the previous exemption  
27 is rescinded by the subsequent affidavit. When an exemption is

1 rescinded, the assessor of the local tax collecting unit shall  
2 remove the exemption effective December 31 of the year in which the  
3 affidavit was filed that rescinded the exemption. For any year for  
4 which the rescinded exemption has not been removed from the tax  
5 roll, the exemption shall be denied as provided in this section.  
6 However, interest and penalty shall not be imposed for a year for  
7 which a rescission form has been timely filed under subsection (5).

8 (16) Except as otherwise provided in subsection ~~(28)~~-(29), if  
9 the principal residence is part of a unit in a multiple-unit  
10 dwelling or a dwelling unit in a multiple-purpose structure, an  
11 owner shall claim an exemption for only that portion of the total  
12 taxable value of the property used as the principal residence of  
13 that owner in a manner prescribed by the department of treasury. If  
14 a portion of a parcel for which the owner claims an exemption is  
15 used for a purpose other than as a principal residence, the owner  
16 shall claim an exemption for only that portion of the taxable value  
17 of the property used as the principal residence of that owner in a  
18 manner prescribed by the department of treasury.

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

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

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

21 (19) An owner who owned and occupied a principal residence on  
22 May 1 for which the exemption was not on the tax roll may file an  
23 appeal with the July board of review or December board of review in  
24 the year for which the exemption was claimed or the immediately  
25 succeeding 3 years. If an appeal of a claim for exemption that was  
26 not on the tax roll is received not later than 5 days prior to the  
27 date of the December board of review, the local tax collecting unit

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

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

1 EXEMPTION UNDER THIS SUBSECTION, THE OWNER IS RESPONSIBLE FOR ALL  
2 COSTS OF THE APPEAL AS DETERMINED BY THE DEPARTMENT OF TREASURY. IF  
3 THE DEPARTMENT OF TREASURY GRANTS AN EXEMPTION UNDER THIS  
4 SUBSECTION AND THE EXEMPTION RESULTS IN AN OVERPAYMENT OF THE TAX  
5 IN THE YEARS UNDER APPEAL, THE DEPARTMENT OF TREASURY SHALL NOTIFY  
6 THE COUNTY TREASURER OF THAT EXEMPTION. THE COUNTY TREASURER SHALL  
7 PAY A REBATE, INCLUDING ANY INTEREST PAID, TO THE TAXPAYER WITHIN  
8 30 DAYS OF THE DATE THE EXEMPTION IS GRANTED. THE REBATE SHALL BE  
9 WITHOUT INTEREST.

10 (21) ~~(20)~~—If the assessor or treasurer of the local tax  
11 collecting unit believes that the department of treasury  
12 erroneously denied a claim for exemption, the assessor or treasurer  
13 may submit written information supporting the owner's claim for  
14 exemption to the department of treasury within 35 days of the  
15 owner's receipt of the notice denying the claim for exemption. If,  
16 after reviewing the information provided, the department of  
17 treasury determines that the claim for exemption was erroneously  
18 denied, the department of treasury shall grant the exemption and  
19 the tax roll shall be amended to reflect the exemption.

20 (22) ~~(21)~~—If granting the exemption under this section results  
21 in an overpayment of the tax, a rebate, including any interest  
22 paid, shall be made to the taxpayer by the local tax collecting  
23 unit if the local tax collecting unit has possession of the tax  
24 roll or by the county treasurer if the county has possession of the  
25 tax roll within 30 days of the date the exemption is granted. The  
26 rebate shall be without interest. If an exemption for property  
27 classified as timber-cutover real property is granted under this

1 section for the 2008 or 2009 tax year, the tax roll shall be  
2 corrected and any delinquent and unpaid penalty, interest, and tax  
3 resulting from that property not having been exempt under this  
4 section for the 2008 or 2009 tax year shall be waived.

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

1 than 30 days after the corrected tax bill is issued is liable for  
2 the penalties and interest that would have accrued if the exemption  
3 had not been granted from the date the taxes were originally  
4 levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

17 (26) ~~(25)~~—Interest distributed under subsection ~~(23)~~-(24) is  
18 in addition to and shall not affect the levy or collection of the  
19 county property tax administration fee established under this act.

20 (27) ~~(26)~~—A cooperative housing corporation is entitled to a  
21 full or partial exemption under this section for the tax year in  
22 which the cooperative housing corporation files all of the  
23 following with the local tax collecting unit in which the  
24 cooperative housing corporation is located if filed on or before  
25 May 1:

26 (a) An affidavit form.

27 (b) A statement of the total number of units owned by the

1 cooperative housing corporation and occupied as the principal  
2 residence of a tenant stockholder as of the date of the filing  
3 under this subsection.

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

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

14 (28) ~~(27)~~—Before May 1, 2004 and before May 1, 2005, the  
15 treasurer of each county shall forward to the department of  
16 education a statement of the taxable value of each school district  
17 and fraction of a school district within the county for the  
18 preceding 4 calendar years. This requirement is in addition to the  
19 requirement set forth in section 151 of the state school aid act of  
20 1979, 1979 PA 94, MCL 388.1751.

21 (29) ~~(28)~~—For a parcel of property open and available for use  
22 as a bed and breakfast, the portion of the taxable value of the  
23 property used as a principal residence under subsection (16) shall  
24 be calculated in the following manner:

25 (a) Add all of the following:

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

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

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

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

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

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

16 (30) ~~(29)~~—The owner claiming an exemption under this section  
17 for property open and available as a bed and breakfast shall file  
18 an affidavit claiming the exemption on or before May 1 with the  
19 local tax collecting unit in which the property is located. The  
20 affidavit shall be in a form prescribed by the department of  
21 treasury.

22 (31) ~~(30)~~—As used in this section:

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

26 (i) Has 10 or fewer sleeping rooms, including sleeping rooms  
27 occupied by the owner of the property, 1 or more of which are

1 available for rent to transient tenants.

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

3 (iii) Has a smoke detector in proper working order in each  
4 sleeping room and a fire extinguisher in proper working order on  
5 each floor.

6 (b) "Common area" includes, but is not limited to, a kitchen,  
7 dining room, living room, fitness room, porch, hallway, laundry  
8 room, or bathroom that is available for use by guests of a bed and  
9 breakfast or, unless guests are specifically prohibited from access  
10 to the area, an area that is used to provide a service to guests of  
11 a bed and breakfast.