

HOUSE BILL NO. 5607

December 07, 2021, Introduced by Rep. Clemente and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2020 PA 96.

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

1 the tax day provided in section 2, the status of property as a
2 principal residence shall be determined on the date an affidavit
3 claiming an exemption is filed under subsection (2).

4 (2) Except as otherwise provided in subsection (5), an owner
5 of property may claim 1 exemption under this section by filing an
6 affidavit on or before May 1 for taxes levied before January 1,
7 2012 or, for taxes levied after December 31, 2011, on or before
8 June 1 for the immediately succeeding summer tax levy and all
9 subsequent tax levies or on or before November 1 for the
10 immediately succeeding winter tax levy and all subsequent tax
11 levies with the local tax collecting unit in which the property is
12 located. For the 2020 tax year only, an owner may claim 1 exemption
13 under this section by filing an affidavit on or before June 30,
14 2020 for the 2020 summer tax levy and all subsequent tax levies
15 with the local tax collecting unit in which the property is
16 located. The affidavit shall state that the property is owned and
17 occupied as a principal residence by that owner of the property on
18 the date that the affidavit is signed and shall state that the
19 owner has not claimed a substantially similar exemption, deduction,
20 or credit on property in another state. The affidavit shall be on a
21 form prescribed by the department of treasury. One copy of the
22 affidavit shall be retained by the owner and 1 copy shall be
23 retained by the local tax collecting unit, together with all
24 information submitted under subsection (28) for a cooperative
25 housing corporation. The local tax collecting unit shall forward to
26 the department of treasury a copy of the affidavit and any
27 information submitted under subsection (28) upon a request from the
28 department of treasury. The affidavit shall require the owner
29 claiming the exemption to indicate if that owner or that owner's

1 spouse has claimed another exemption on property in this state that
2 is not rescinded or a substantially similar exemption, deduction,
3 or credit on property in another state that is not rescinded. If
4 the affidavit requires an owner to include a Social Security
5 number, that owner's number is subject to the disclosure
6 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of
7 property filed an affidavit for an exemption under this section
8 before January 1, 2004, that affidavit shall be considered the
9 affidavit required under this subsection for a principal residence
10 exemption and that exemption shall remain in effect until rescinded
11 as provided in this section.

12 (3) Except as otherwise provided in subsection (5), a married
13 couple who are required to file or who do file a joint Michigan
14 income tax return are entitled to not more than 1 exemption under
15 this section. For taxes levied after December 31, 2002, a person is
16 not entitled to an exemption under this section in any calendar
17 year in which any of the following conditions occur:

18 (a) That person has claimed a substantially similar exemption,
19 deduction, or credit, regardless of amount, on property in another
20 state. Upon request by the department of treasury, the assessor of
21 the local tax collecting unit, the county treasurer or his or her
22 designee, or the county equalization director or his or her
23 designee, a person who claims an exemption under this section
24 shall, within 30 days, file an affidavit on a form prescribed by
25 the department of treasury stating that the person has not claimed
26 a substantially similar exemption, deduction, or credit on property
27 in another state. A claim for a substantially similar exemption,
28 deduction, or credit in another state occurs at the time of the
29 filing or granting of a substantially similar exemption, deduction,

1 or credit in another state. If the assessor of the local tax
2 collecting unit, the department of treasury, or the county denies
3 an existing claim for exemption under this section, an owner of the
4 property subject to that denial cannot rescind a substantially
5 similar exemption, deduction, or credit claimed in another state in
6 order to qualify for the exemption under this section for any of
7 the years denied. If a person claims an exemption under this
8 section and a substantially similar exemption, deduction, or credit
9 in another state, that person is subject to a penalty of \$500.00.
10 The penalty shall be distributed in the same manner as interest is
11 distributed under subsection (25).

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

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

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

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

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

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

7 (4) Upon receipt of an affidavit filed under subsection (2) **or**
8 **(19)**, and unless the claim is denied under this section, the
9 assessor shall exempt the property from the collection of the tax
10 levied by a local school district for school operating purposes to
11 the extent provided under section 1211 of the revised school code,
12 1976 PA 451, MCL 380.1211, as provided in subsection (1) until
13 December 31 of the year in which the property is transferred or,
14 except as otherwise provided in subsections (5), (32), and (33), is
15 no longer a principal residence as defined in section 7dd, or the
16 owner is no longer entitled to an exemption as provided in
17 subsection (3).

18 (5) Except as otherwise provided in this subsection and
19 subsections (32) and (33), not more than 90 days after exempted
20 property is no longer used as a principal residence by the owner
21 claiming an exemption, that owner shall rescind the claim of
22 exemption by filing with the local tax collecting unit a rescission
23 form prescribed by the department of treasury. The local tax
24 collecting unit shall retain the rescission form and shall forward
25 a copy of it to the department of treasury upon a request from the
26 department of treasury. If an owner is eligible for and claims an
27 exemption for that owner's current principal residence, that owner
28 may retain an exemption for not more than 3 tax years on property
29 previously exempt as his or her principal residence if that

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

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

1 rescission and that denial is retroactive and is effective on
2 December 31 of the year immediately preceding the year in which the
3 property subject to the conditional rescission is leased. An owner
4 who fails to file a rescission as required by this subsection is
5 subject to a penalty of \$5.00 per day for each separate failure
6 beginning after the 90 days have elapsed, up to a maximum of
7 \$200.00. This penalty shall be collected under 1941 PA 122, MCL
8 205.1 to 205.31, and shall be deposited in the state school aid
9 fund established in section 11 of article IX of the state
10 constitution of 1963. This penalty may be waived by the department
11 of treasury. If a land contract vendor, bank, credit union, or
12 other lending institution retains an exemption on property under
13 this subsection, that land contract vendor, bank, credit union, or
14 other lending institution shall pay an amount equal to the
15 additional amount that land contract vendor, bank, credit union, or
16 other lending institution would have paid under section 1211 of the
17 revised school code, 1976 PA 451, MCL 380.1211, if an exemption had
18 not been retained on that property, together with an administration
19 fee equal to the property tax administration fee imposed under
20 section 44. The payment required under this subsection shall be
21 collected by the local tax collecting unit at the same time and in
22 the same manner as taxes collected under this act. The
23 administration fee shall be retained by the local tax collecting
24 unit. The amount collected that the land contract vendor, bank,
25 credit union, or other lending institution would have paid under
26 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211,
27 if an exemption had not been retained on that property is an amount
28 that is not captured by any authority as tax increment revenues and
29 shall be distributed to the department of treasury monthly for

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

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

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

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

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

9 (6) Except as otherwise provided in subsections (5), (32), and
10 (33), if the assessor of the local tax collecting unit believes
11 that the property for which an exemption is claimed is not the
12 principal residence of the owner claiming the exemption, the
13 assessor may deny a new or existing claim by notifying the owner
14 and the ~~department of treasury~~ **county treasurer** in writing of the
15 reason for the denial and advising the owner that the denial may be
16 appealed to the residential and small claims division of the
17 Michigan tax tribunal within 35 days after the date of the notice.
18 The assessor may deny a claim for exemption for the current year
19 and for the 3 immediately preceding calendar years. If the assessor
20 denies an existing claim for exemption, the assessor shall remove
21 the exemption of the property and, if the tax roll is in the local
22 tax collecting unit's possession, amend the tax roll to reflect the
23 denial and the local treasurer shall within 30 days of the date of
24 the denial issue a corrected tax bill for any additional taxes with
25 interest at the rate of 1.25% per month or fraction of a month and
26 penalties computed from the date the taxes were last payable
27 without interest or penalty. If the tax roll is in the county
28 treasurer's possession, the tax roll shall be amended to reflect
29 the denial and the county treasurer shall within 30 days of the

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

1 the department of treasury. ~~If the property for which the assessor~~
 2 ~~has denied a claim for exemption under this subsection is located~~
 3 ~~in a county in which the county treasurer or the county~~
 4 ~~equalization director have elected to audit exemptions under~~
 5 ~~subsection (10), the assessor shall notify the county treasurer or~~
 6 ~~the county equalization director of the denial under this~~
 7 ~~subsection.~~ **The assessor shall forward to the department of treasury**
 8 **a copy of a denial upon a request by the department of treasury.**

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

17 (8) The department of treasury shall determine if the property
 18 is the principal residence of the owner claiming the exemption.
 19 Except as otherwise provided in subsection (21), the department of
 20 treasury may review the validity of exemptions for the current
 21 calendar year and for the 3 immediately preceding calendar years.
 22 Except as otherwise provided in subsections (5), (32), and (33), if
 23 the department of treasury determines that the property is not the
 24 principal residence of the owner claiming the exemption, the
 25 department shall send a notice of that determination to the local
 26 tax collecting unit and to the owner of the property claiming the
 27 exemption, indicating that the claim for exemption is denied,
 28 stating the reason for the denial, and advising the owner claiming
 29 the exemption of the right to appeal the determination to the

1 department of treasury and what those rights of appeal are. The
2 department of treasury may issue a notice denying a claim if an
3 owner fails to respond within 30 days of receipt of a request for
4 information from that department. An owner may appeal the denial of
5 a claim of exemption to the department of treasury within 35 days
6 of receipt of the notice of denial. An appeal to the department of
7 treasury shall be conducted according to the provisions for an
8 informal conference in section 21 of 1941 PA 122, MCL 205.21.
9 Within 10 days after acknowledging an appeal of a denial of a claim
10 of exemption, the department of treasury shall notify the assessor
11 and the treasurer for the county in which the property is located
12 that an appeal has been filed. Upon receipt of a notice that the
13 department of treasury has denied a claim for exemption, the
14 assessor shall remove the exemption of the property and, if the tax
15 roll is in the local tax collecting unit's possession, amend the
16 tax roll to reflect the denial and the local treasurer shall within
17 30 days of the date of the denial issue a corrected tax bill for
18 any additional taxes with interest at the rate of 1.25% per month
19 or fraction of a month and penalties computed from the date the
20 taxes were last payable without interest and penalty. If the tax
21 roll is in the county treasurer's possession, the tax roll shall be
22 amended to reflect the denial and the county treasurer shall within
23 30 days of the date of the denial prepare and submit a supplemental
24 tax bill for any additional taxes, together with interest at the
25 rate of 1.25% per month or fraction of a month and penalties
26 computed from the date the taxes were last payable without interest
27 or penalty. Interest on any tax set forth in a corrected or
28 supplemental tax bill shall again begin to accrue 60 days after the
29 date the corrected or supplemental tax bill is issued at the rate

1 of 1.25% per month or fraction of a month. The department of
2 treasury may waive interest on any tax set forth in a corrected or
3 supplemental tax bill for the current tax year and the immediately
4 preceding 3 tax years if the assessor of the local tax collecting
5 unit files with the department of treasury a sworn affidavit in a
6 form prescribed by the department of treasury stating that the tax
7 set forth in the corrected or supplemental tax bill is a result of
8 the assessor's classification error or other error or the
9 assessor's failure to rescind the exemption after the owner
10 requested in writing that the exemption be rescinded. Taxes levied
11 in a corrected or supplemental tax bill shall be returned as
12 delinquent on the March 1 in the year immediately succeeding the
13 year in which the corrected or supplemental tax bill is issued. If
14 the department of treasury denies an existing claim for exemption,
15 the interest due shall be distributed as provided in subsection
16 (25). However, if the property has been transferred to a bona fide
17 purchaser before additional taxes were billed to the seller as a
18 result of the denial of a claim for exemption, the taxes, interest,
19 and penalties shall not be a lien on the property and shall not be
20 billed to the bona fide purchaser, and the local tax collecting
21 unit if the local tax collecting unit has possession of the tax
22 roll or the county treasurer if the county has possession of the
23 tax roll shall notify the department of treasury of the amount of
24 tax due and interest through the date of that notification. The
25 department of treasury shall then assess the owner who claimed the
26 exemption under this section for the tax and interest plus penalty
27 accruing as a result of the denial of the claim for exemption, if
28 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
29 205.31, and shall deposit any tax or penalty collected into the

1 state school aid fund and shall distribute any interest collected
2 as provided in subsection (25).

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

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

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

8 (11) If a county elects to audit the exemptions claimed under
9 this section as provided in subsection (10) and the county
10 treasurer or his or her designee or the county equalization
11 director or his or her designee believes that the property for
12 which an exemption is claimed is not the principal residence of the
13 owner claiming the exemption, the county treasurer or his or her
14 designee or the county equalization director or his or her designee
15 may, except as otherwise provided in subsections (5), (32), and
16 (33), deny an existing claim by notifying the owner ~~and~~ the
17 assessor of the local tax collecting unit ~~and the department of~~
18 ~~treasury~~ in writing of the reason for the denial and advising the
19 owner that the denial may be appealed to the residential and small
20 claims division of the Michigan tax tribunal within 35 days after
21 the date of the notice. The county treasurer or his or her designee
22 or the county equalization director or his or her designee may deny
23 a claim for exemption for the current year and for the 3
24 immediately preceding calendar years. If the county treasurer or
25 his or her designee or the county equalization director or his or
26 her designee denies an existing claim for exemption, the county
27 treasurer or his or her designee or the county equalization
28 director or his or her designee shall direct the assessor of the
29 local tax collecting unit in which the property is located to

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

1 and the local tax collecting unit if the local tax collecting unit
2 has possession of the tax roll or the county treasurer if the
3 county has possession of the tax roll shall notify the department
4 of treasury of the amount of tax due and interest through the date
5 of that notification. The department of treasury shall then assess
6 the owner who claimed the exemption under this section for the tax
7 and interest plus penalty accruing as a result of the denial of the
8 claim for exemption, if any, as for unpaid taxes provided under
9 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
10 penalty collected into the state school aid fund and shall
11 distribute any interest collected as provided in subsection (25).
12 **The denial shall be made on a form prescribed by the department of**
13 **treasury. The county treasurer or his or her designee or the county**
14 **equalization director or his or her designee shall forward to the**
15 **department of treasury a copy of a denial upon a request by the**
16 **department of treasury.** The department of treasury shall annually
17 provide the county treasurer or his or her designee or the county
18 equalization director or his or her designee a list of parcels of
19 property located in that county for which an exemption may be
20 erroneously claimed. The county treasurer or his or her designee or
21 the county equalization director or his or her designee shall
22 forward copies of the list provided by the department of treasury
23 to each assessor in each local tax collecting unit in that county
24 within 10 days of receiving the list.

25 (12) If a county elects to audit exemptions claimed under this
26 section as provided in subsection (10), the county treasurer or the
27 county equalization director may enter into an agreement with the
28 assessor of a local tax collecting unit in that county regarding
29 the implementation or administration of this section. The agreement

1 may specify that for a period of time, not to exceed 120 days, the
2 county will not deny an exemption identified by the department of
3 treasury in the list provided under subsection (11).

4 (13) An owner may appeal a denial by the assessor of the local
5 tax collecting unit under subsection (6), a final decision of the
6 department of treasury under subsection (8), or a denial by the
7 county treasurer or his or her designee or the county equalization
8 director or his or her designee under subsection (11) to the
9 residential and small claims division of the Michigan tax tribunal
10 within 35 days of that decision. An owner is not required to pay
11 the amount of tax in dispute in order to appeal a denial of a claim
12 of exemption to the department of treasury or to receive a final
13 determination of the residential and small claims division of the
14 Michigan tax tribunal. However, interest at the rate of 1.25% per
15 month or fraction of a month and penalties shall accrue and be
16 computed from the date the taxes were last payable without interest
17 and penalty. If the residential and small claims division of the
18 Michigan tax tribunal grants an owner's appeal of a denial and that
19 owner has paid the interest due as a result of a denial under
20 subsection (6), (8), or (11), the interest received after a
21 distribution was made under subsection (25) shall be refunded.

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

28 ~~(15) Except as otherwise provided in subsection (5), an~~
29 ~~affidavit filed by an owner for the exemption under this section~~

1 ~~rescinds all previous exemptions filed by that owner for any other~~
2 ~~property. The department of treasury shall notify the assessor of~~
3 ~~the local tax collecting unit in which the property for which a~~
4 ~~previous exemption was claimed is located if the previous exemption~~
5 ~~is rescinded by the subsequent affidavit. When an exemption is~~
6 rescinded as provided in subsection (5), the assessor of the local
7 tax collecting unit shall remove the exemption effective December
8 31 of the year in which the affidavit was filed that rescinded the
9 exemption. For any year for which the rescinded exemption has not
10 been removed from the tax roll, the exemption shall be denied as
11 provided in this section. However, interest and penalty shall not
12 be imposed for a year for which a rescission form has been timely
13 filed under subsection (5).

14 (16) Except as otherwise provided in subsection (30), if the
15 principal residence is part of a unit in a multiple-unit dwelling
16 or a dwelling unit in a multiple-purpose structure, an owner shall
17 claim an exemption for only that portion of the total taxable value
18 of the property used as the principal residence of that owner in a
19 manner prescribed by the department of treasury. If a portion of a
20 parcel for which the owner claims an exemption is used for a
21 purpose other than as a principal residence, the owner shall claim
22 an exemption for only that portion of the taxable value of the
23 property used as the principal residence of that owner in a manner
24 prescribed by the department of treasury.

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

28 (18) The department of treasury shall make available the
29 affidavit forms and the forms to rescind an exemption, which may be

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

25 ~~(19) An owner who owned and occupied a principal residence on~~
26 ~~May 1 for taxes levied before January 1, 2012 for which the~~
27 ~~exemption was not on the tax roll may file an appeal with the July~~
28 ~~board of review or December board of review in the year for which~~
29 ~~the exemption was claimed or the immediately succeeding 3 years.~~

1 ~~For taxes levied after December 31, 2011, an~~ **An** owner who owned and
2 occupied a principal residence within the time period prescribed in
3 subsection (2) for which the exemption was not on the tax roll, or
4 an owner of property who previously occupied that property as his
5 or her principal residence but did not occupy that property within
6 the time period prescribed in subsection (2) while residing in a
7 nursing home, assisted living facility, or other location under the
8 circumstances described in subsection (5) (a) to (d), while absent
9 on active duty as a member of any branch of the Armed Forces of the
10 United States, including the Coast Guard, a reserve component of
11 any branch of the Armed Forces of the United States, or the
12 National Guard, under the circumstances described in subsection
13 (32) (a) to (d), or while absent due to the damage or destruction of
14 the principal residence under the circumstances described in
15 subsection (33) (a) to (d), for which the exemption was not on the
16 tax roll, may file an ~~appeal with the July board of review or~~
17 ~~December board of review in the year for which the exemption was~~
18 ~~claimed or the immediately succeeding 3 years. If an appeal of a~~
19 ~~claim for exemption that was not on the tax roll is received not~~
20 ~~later than 5 days before the date of the December board of review,~~
21 ~~the local tax collecting unit shall convene a December board of~~
22 ~~review and consider the appeal pursuant to this section and section~~
23 **53b. affidavit with the local tax collecting unit claiming an**
24 **exemption under this section for the current calendar year or the**
25 **immediately preceding 3 calendar years. The affidavit for the**
26 **exemption for the current calendar year or the immediately**
27 **preceding 3 calendar years shall be on the form prescribed by the**
28 **department of treasury in subsection (2). The assessor shall**
29 **process the affidavit in accordance with subsection (4). Upon**

1 **request by the local tax collecting unit, the owner shall furnish**
2 **proof within 30 days that the owner meets the requirements for the**
3 **exemption for the current calendar year or the immediately**
4 **preceding 3 calendar years.** For the 2020 tax year only, an
5 affidavit filed on or before June 30, 2020 shall be processed by
6 the assessor in accordance with subsection (4), and if granting the
7 exemption results in an overpayment, a rebate shall be made to the
8 taxpayer in the manner prescribed in subsection (23).

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

1 be corrected consistent with guidance provided by the department of
2 treasury. If granting the request for the exemption results in an
3 overpayment, a rebate, including any interest paid by the owner,
4 shall be paid to the owner within 30 days of the receipt of the
5 notice. A rebate shall be without interest. The treasurer in
6 possession of the appropriate tax roll may deduct the rebate from
7 the appropriate tax collecting unit's subsequent distribution of
8 taxes. The treasurer in possession of the appropriate tax roll
9 shall bill to the appropriate tax collecting unit the tax
10 collecting unit's share of taxes rebated. A local tax collecting
11 unit responsible for a qualified error under this subsection shall
12 reimburse each county treasurer and other affected local official
13 required to correct official records under this subsection for the
14 costs incurred in complying with this subsection.

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

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

11 (23) If granting the exemption under this section results in
12 an overpayment of the tax, a rebate, including any interest paid,
13 shall be made to the taxpayer by the local tax collecting unit if
14 the local tax collecting unit has possession of the tax roll or by
15 the county treasurer if the county has possession of the tax roll
16 within 30 days of the date the exemption is granted. The rebate
17 shall be without interest. If an exemption for property classified
18 as timber-cutover real property is granted under this section for
19 the 2008 or 2009 tax year, the tax roll shall be corrected and any
20 delinquent and unpaid penalty, interest, and tax resulting from
21 that property not having been exempt under this section for the
22 2008 or 2009 tax year shall be waived.

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

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

29 (b) If the department of treasury denies the exemption under

1 this section, as follows:

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

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

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

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

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

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

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

11 (26) Interest distributed under subsection (25) is subject to
12 the following conditions:

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

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

1 affidavits.

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

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

11 (a) An affidavit form.

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

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

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

26 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
27 of each county shall forward to the department of education a
28 statement of the taxable value of each school district and fraction
29 of a school district within the county for the preceding 4 calendar

1 years. This requirement is in addition to the requirement set forth
2 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
3 388.1751.

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

8 (a) Add all of the following:

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

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

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

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

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

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

26 (31) The owner claiming an exemption under this section for
27 property open and available as a bed and breakfast shall file an
28 affidavit claiming the exemption within the time period prescribed
29 in subsection (2) with the local tax collecting unit in which the

1 property is located. The affidavit shall be in a form prescribed by
2 the department of treasury.

3 (32) An owner of property who previously occupied that
4 property as his or her principal residence but now is absent while
5 on active duty as a member of any branch of the Armed Forces of the
6 United States, including the Coast Guard, a reserve component of
7 any branch of the Armed Forces of the United States, or the
8 National Guard, may retain an exemption on that property if the
9 owner manifests an intent to return to that property by satisfying
10 all of the following conditions:

11 (a) The owner continues to own that property while absent on
12 active duty as a member of any branch of the Armed Forces of the
13 United States, including the Coast Guard, a reserve component of
14 any branch of the Armed Forces of the United States, or the
15 National Guard.

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

17 (c) The owner maintains or provides for the maintenance of
18 that property while absent on active duty as a member of any branch
19 of the Armed Forces of the United States, including the Coast
20 Guard, a reserve component of any branch of the Armed Forces of the
21 United States, or the National Guard.

22 (d) That property is not used for any business or commercial
23 purpose except as provided in section 7dd(c).

24 (33) If an owner of property who previously claimed and
25 occupied the property as his or her principal residence has vacated
26 because the principal residence was damaged or destroyed by an
27 accident, act of God, or act of another person without the owner's
28 consent, including, but not limited to, a fire caused by accident,
29 act of God, or act of another person without the owner's consent,

1 that owner may retain an exemption on that property for not longer
2 than the tax year during which the damage or destruction occurred
3 and the immediately succeeding 2 tax years if the owner manifests
4 an intent to return to that property by satisfying all of the
5 following conditions:

6 (a) The owner continues to own that property while absent
7 because of the damage or destruction of the principal residence.

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

9 (c) The owner provides for the reconstruction of the principal
10 residence for purposes of occupying it upon its completion as his
11 or her principal residence.

12 (d) The property is not occupied, is not leased, and is not
13 used for any business or commercial purpose.

14 (34) As used in this section:

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

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

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

22 (iii) Has a smoke detector in proper working order in each
23 sleeping room and a fire extinguisher in proper working order on
24 each floor.

25 (b) "Business or commercial purpose" means commercial purpose
26 as that term is defined in section 27a.

27 (c) "Common area" includes, but is not limited to, a kitchen,
28 dining room, living room, fitness room, porch, hallway, laundry
29 room, or bathroom that is available for use by guests of a bed and

1 breakfast or, unless guests are specifically prohibited from access
2 to the area, an area that is used to provide a service to guests of
3 a bed and breakfast.

4 (d) "Qualified error" means that term as defined in section
5 53b.

6 Enacting section 1. This amendatory act does not take effect
7 unless Senate Bill No. _____ or House Bill No. 5606 (request no.
8 04506'21) of the 101st Legislature is enacted into law.