

SENATE BILL NO. 146

January 27, 1999, Introduced by Senators STEIL, VAN REGENMORTER, BULLARD, JAYE, SIKKEMA, SHUGARS, GOUGEON, BENNETT, MC MANUS, HAMMERSTROM and GOSCHKA 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 1996 PA 476.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A homestead is exempt from the tax levied by
2 a local school district for school operating purposes to the
3 extent provided under section 1211 of the revised school code,
4 ~~Act No. 451 of the Public Acts of 1976, being section 380.1211~~
5 ~~of the Michigan Compiled Laws~~ 1976 PA 451, MCL 380.1211, if an
6 owner of that homestead claims an exemption as provided in this
7 section. Notwithstanding the tax day provided in section 2, the
8 status of property as a homestead shall be determined on the date
9 an affidavit claiming an exemption is filed under subsection
10 (2).

1 (2) An owner of property may claim an exemption under this
2 section by filing an affidavit ~~on or before May 1~~ with the
3 local tax collecting unit in which the property is located ON OR
4 BEFORE MAY 1 IN A TAX YEAR FOR TAXES LEVIED IN THAT TAX YEAR, OR,
5 FOR TAXES LEVIED AFTER DECEMBER 31, 1998, AT ANY TIME AFTER MAY 1
6 IN A TAX YEAR FOR THAT PORTION OF TAXES LEVIED IN THAT TAX YEAR
7 DETERMINED BY MULTIPLYING THE TAXES LEVIED IN THAT TAX YEAR BY A
8 FRACTION THE NUMERATOR OF WHICH IS THE NUMBER OF DAYS REMAINING
9 FROM THE DATE THE AFFIDAVIT IS FILED UNTIL DECEMBER 31 IN THAT
10 TAX YEAR AND THE DENOMINATOR OF WHICH IS THE NUMBER OF DAYS IN
11 THAT TAX YEAR. The affidavit shall state that the property is
12 owned and occupied as a homestead by that owner of the property
13 on the date that the affidavit is signed. The affidavit shall be
14 on a form prescribed by the department of treasury. Beginning in
15 1995, 1 copy of the affidavit shall be retained by the owner, 1
16 copy shall be retained by the local tax collecting unit until any
17 appeal or audit period under this act has expired, and 1 copy
18 shall be forwarded to the department of treasury pursuant to sub-
19 section (4), together with all information submitted under sub-
20 section (22) for a cooperative housing corporation. Beginning in
21 1995, the affidavit shall require the owner claiming the exemp-
22 tion to indicate if that owner has claimed another exemption on
23 property in this state that is not rescinded. If the affidavit
24 requires an owner to include a social security number, that
25 owner's number is subject to the disclosure restrictions in ~~Act~~
26 ~~No. 122 of the Public Acts of 1941, being sections 205.1 to~~

1 ~~205.31 of the Michigan Compiled Laws~~ 1941 PA 122, MCL 205.1 TO
2 205.31.

3 (3) A husband and wife who are required to file or who do
4 file a joint Michigan income tax return are entitled to not more
5 than 1 homestead exemption.

6 (4) Upon receipt of an affidavit filed under subsection (2)
7 and unless the claim is denied under subsection (6), the assessor
8 shall exempt the property from the collection of the tax levied
9 by a local school district for school operating purposes to the
10 extent provided under section 1211 of ~~Act No. 451 of the Public~~
11 ~~Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211,
12 as provided in subsection (1) until December 31 of the year in
13 which the property is transferred or is no longer a homestead as
14 defined in section 7dd. The local tax collecting unit shall for-
15 ward copies of affidavits to the department of treasury according
16 to a schedule prescribed by the department of treasury.

17 (5) Not more than 90 days after exempted property is no
18 longer used as a homestead by the owner claiming an exemption,
19 that owner shall rescind the claim of exemption by filing with
20 the local tax collecting unit a rescission form prescribed by the
21 department of treasury. Beginning October 1, 1994, an owner who
22 fails to file a rescission as required by this subsection is
23 subject to a penalty of \$5.00 per day for each separate failure
24 beginning after the 90 days have elapsed, up to a maximum of
25 \$200.00. This penalty shall be collected under ~~Act No. 122 of~~
26 ~~the Public Acts of 1941~~ 1941 PA 122, MCL 205.1 TO 205.31, and
27 shall be deposited in the state school aid fund established in

1 section 11 of article IX of the state constitution of 1963. This
2 penalty may be waived by the department of treasury.

3 (6) If the assessor of the local tax collecting unit
4 believes that the property for which an exemption is claimed is
5 not the homestead of the owner claiming the exemption, effective
6 for taxes levied after 1994 the assessor may deny a new or exist-
7 ing claim by notifying the owner and the department of treasury
8 in writing of the reason for the denial and advising the owner
9 that the denial may be appealed to the department of treasury
10 within 35 days after the date of the notice. The denial shall be
11 made on a form prescribed by the department of treasury. If the
12 assessor of the local tax collecting unit believes that the prop-
13 erty for which the exemption is claimed is not the homestead of
14 the owner claiming the exemption, for taxes levied in 1994 the
15 assessor may send a recommendation for denial for any affidavit
16 that is forwarded to the department of treasury stating the rea-
17 sons for the recommendation. If the assessor of the local tax
18 collecting unit believes that the property for which the exemp-
19 tion is claimed is not the homestead of the owner claiming the
20 exemption and has not denied the claim, for taxes levied after
21 1994 the assessor shall include a recommendation for denial with
22 any affidavit that is forwarded to the department of treasury or,
23 for an existing claim, shall send a recommendation for denial to
24 the department of treasury, stating the reasons for the
25 recommendation.

26 (7) The department of treasury shall determine if the
27 property is the homestead of the owner claiming the exemption.

1 The department of treasury may review the validity of exemptions
2 for the current calendar year and for the 3 immediately preceding
3 calendar years. If the department of treasury determines that
4 the property is not the homestead of the owner claiming the
5 exemption, the department shall send a notice of that determina-
6 tion to the local tax collecting unit and to the owner of the
7 property claiming the exemption, indicating that the claim for
8 exemption is denied, stating the reason for the denial, and
9 advising the owner claiming the exemption of the right to appeal
10 the determination to the department of treasury and what those
11 rights of appeal are. The department of treasury may issue a
12 notice denying a claim if an owner fails to respond within 30
13 days of receipt of a request for information from that
14 department. An owner may appeal the denial of a claim of exemp-
15 tion to the department of treasury within 35 days of receipt of
16 the notice of denial. An appeal to the department of treasury
17 shall be conducted according to the provisions for an informal
18 conference in section 21 of ~~Act No. 122 of the Public Acts of~~
19 ~~1941, being section 205.21 of the Michigan Compiled Laws~~ 1941
20 PA 122, MCL 205.21. Within 10 days after acknowledging an appeal
21 of a denial of a claim of exemption, the department of treasury
22 shall notify the assessor and the treasurer for the county in
23 which the property is located that an appeal has been filed.
24 Upon receipt of a notice that the department of treasury has
25 denied a claim for exemption, the assessor shall remove the
26 exemption of the property and, if the tax roll is in the local
27 tax collecting unit's possession, amend the tax roll to reflect

1 the denial and the local treasurer shall issue a corrected tax
2 bill for previously unpaid taxes with interest and penalties com-
3 puted based on the interest and penalties that would have accrued
4 from the date the taxes were originally levied if there had not
5 been an exemption. If the tax roll is in the county treasurer's
6 possession, the tax roll shall be amended to reflect the denial
7 and the county treasurer shall prepare and submit a supplemental
8 tax bill for any additional taxes, together with any interest and
9 penalties. For taxes levied in 1994 only, the county treasurer
10 shall waive any interest and penalties due if the owner pays the
11 supplemental tax bill not more than 30 days after the owner
12 receives the supplemental tax bill. Interest and penalties shall
13 not be assessed for any period before February 14, 1995.
14 However, if the property has been transferred to a bona fide pur-
15 chaser before additional taxes were billed to the seller as a
16 result of the denial of a claim for exemption, the taxes, inter-
17 est, and penalties shall not be billed to the bona fide purchas-
18 er, and the local tax collecting unit if the local tax collecting
19 unit has possession of the tax roll or the county treasurer if
20 the county has possession of the tax roll shall notify the
21 department of treasury of the amount of tax due and interest
22 through the date of that notification. The department of trea-
23 sury shall then assess the owner who claimed the homestead prop-
24 erty tax exemption for the tax and interest plus penalty accruing
25 as a result of the denial of the claim for exemption, if any, as
26 for unpaid taxes provided under ~~Act No. 122 of the Public Acts~~
27 ~~of 1941~~ 1941 PA 122, MCL 205.1 TO 205.31, and shall deposit any

1 tax, interest, or penalty collected into the state school aid
2 fund.

3 (8) An owner may appeal a final decision of the department
4 of treasury to the residential and small claims division of the
5 Michigan tax tribunal within 35 days of that decision. An asses-
6 sor may appeal a final decision of the department of treasury to
7 the residential and small claims division of the Michigan tax
8 tribunal within 35 days of that decision if the assessor denied
9 the exemption under subsection (6), or, for taxes levied in 1994
10 only, the assessor forwarded a recommendation for denial to the
11 department of treasury under subsection (6). An owner is not
12 required to pay the amount of tax in dispute in order to appeal a
13 denial of a claim of exemption to the department of treasury or
14 to receive a final determination of the residential and small
15 claims division of the Michigan tax tribunal. However, interest
16 and penalties except as provided in subsection (7), if any, shall
17 accrue and be computed based on the interest and penalties that
18 would have accrued from the date the taxes were originally levied
19 as if there had not been an exemption.

20 (9) An affidavit filed by an owner for a homestead rescinds
21 all previous exemptions filed by that owner for any other
22 homestead. The department of treasury shall notify the assessor
23 of the local tax collecting unit in which the property for which
24 a previous exemption was claimed is located that the previous
25 exemption is rescinded by the subsequent affidavit. Upon receipt
26 of notice that an exemption is rescinded, the assessor of the
27 local tax collecting unit shall remove the exemption effective

1 December 31 of the year in which the property is transferred or
2 is no longer a homestead as defined in section 7dd. The assessor
3 of the local tax collecting unit in which that property is
4 located shall notify the treasurer in possession of the tax roll
5 for a year for which the exemption is rescinded. If the tax roll
6 is in the local tax collecting unit's possession, the tax roll
7 shall be amended to reflect the rescission and the local trea-
8 surer shall prepare and issue a corrected tax bill for previously
9 unpaid taxes with interest and penalties computed based on the
10 interest and penalties that would have accrued from the date the
11 taxes were originally levied if there had not been an exemption
12 for that year. If the tax roll is in the county treasurer's pos-
13 session, the tax roll shall be amended to reflect the rescission
14 and the county treasurer shall prepare and submit a supplemental
15 tax bill for any additional taxes, together with any interest and
16 penalties. However, if the property has been transferred to a
17 bona fide purchaser, the taxes, interest, and penalties shall not
18 be billed to the bona fide purchaser, and the local tax collect-
19 ing unit if the local tax collecting unit has possession of the
20 tax roll or the county treasurer if the county has possession of
21 the tax roll shall notify the department of treasury of the
22 amount of tax due and interest through the date of that
23 notification. The department of treasury shall then assess the
24 owner who received the homestead property tax exemption when the
25 property was not a homestead as defined in section 7dd for the
26 tax and interest plus penalty accruing, if any, as for unpaid
27 taxes provided under ~~Act No. 122 of the Public Acts of 1941~~

1 1941 PA 122, MCL 205.1 TO 205.31, and shall deposit any tax,
2 interest, or penalty collected into the state school aid fund.

3 (10) An owner of property for which a claim of exemption is
4 rescinded may appeal that rescission with either the July or
5 December board of review in either the year for which the exemp-
6 tion is rescinded or in the immediately succeeding year. If an
7 appeal of a rescission of a claim for exemption is received not
8 later than 5 days prior to the date of the December board of
9 review, the local tax collecting unit shall convene a December
10 board of review and consider the appeal pursuant to this section
11 and section 53b. An owner of property for which a claim of
12 exemption is rescinded may appeal the decision of the board of
13 review to the residential and small claims division of the
14 Michigan tax tribunal within 35 days of that decision.

15 (11) If the homestead is part of a unit in a multiple-unit
16 dwelling or a dwelling unit in a multiple-purpose structure, an
17 owner shall claim an exemption for only that portion of the total
18 taxable value of the property used as the homestead of that owner
19 in a manner prescribed by the department of treasury. If a por-
20 tion of a parcel for which the owner claims an exemption is used
21 for a purpose other than as a homestead, the owner shall claim an
22 exemption for only that portion of the taxable value of the prop-
23 erty used as the homestead of that owner in a manner prescribed
24 by the department of treasury.

25 (12) When a county register of deeds records a transfer of
26 ownership of a property, he or she shall notify the local tax

1 collecting unit in which the property is located of the
2 transfer.

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

1 affidavit and rescission forms with the local tax collecting unit
2 when requested to do so by the buyer or seller.

3 (14) An owner who owned and occupied a homestead ~~on May 1~~
4 for which the exemption was not on the tax roll may file an
5 appeal with the July board of review in the year for which the
6 exemption was claimed or the immediately succeeding year or with
7 the December board of review in the year for which the exemption
8 was claimed or the immediately succeeding year. If an appeal of
9 a claim for exemption that was not on the tax roll is received
10 not later than 5 days prior to the date of the December board of
11 review, the local tax collecting unit shall convene a December
12 board of review and consider the appeal pursuant to this section
13 and section 53b.

14 (15) In 1994 only, an owner who owns and occupies a home-
15 stead after May 1 and before October 3 for which an affidavit was
16 not filed in 1994 may file an affidavit as provided in subsection
17 (2) not later than October 3, 1994. Upon receipt, the assessor
18 shall exempt the property from 50% of the number of mills levied
19 in 1994 under section 1211 of ~~Act No. 451 of the Public Acts of~~
20 ~~1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, from
21 which homesteads are exempt, not to exceed 50% of the total
22 number of mills from which homesteads are exempt in 1994, on the
23 December tax roll. If there is not a December levy of the tax
24 under section 1211 of ~~Act No. 451 of the Public Acts of 1976~~
25 THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, the owner may
26 appear in person or by mail before the December board of review
27 and obtain a rebate as provided in section 53b of 50% of the

1 number of mills levied in 1994 under section 1211 of ~~Act No. 451~~
2 ~~of the Public Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451,
3 MCL 380.1211, from which homesteads are exempt, not to exceed 50%
4 of the total number of mills from which homesteads are exempt in
5 1994. If an affidavit is not filed as provided in this subsec-
6 tion, the owner may appear in person or by mail before the July
7 or December board of review in 1994 or the July or December board
8 of review in 1995 and obtain a rebate of 50% of the number of
9 mills levied in 1994 under section 1211 of ~~Act No. 451 of the~~
10 ~~Public Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451,
11 MCL 380.1211, from which homesteads are exempt, not to exceed 50%
12 of the total number of mills from which homesteads are exempt in
13 1994. This subsection does not apply unless the 1994 assessment
14 of the property is based on the valuation of a homestead or a
15 portion of a structure that has become a homestead. An affidavit
16 filed under this subsection is subject to all the provisions of
17 this section.

18 (16) An owner who owns and occupies a homestead for which
19 the exemption was on the tax roll in 1995 and each year after
20 1995 and for which an exemption was not on the tax roll in 1994
21 may appeal to the department of treasury before December 31, 1997
22 to have an exemption placed on the 1994 tax roll if all of the
23 following conditions are satisfied:

24 (a) The owner owned and occupied that homestead on May 1,
25 1994 or the owner owned and occupied that homestead after May 1,
26 1994 but before October 3, 1994.

1 (b) If a claim of exemption was denied in 1994, the owner
2 did not timely appeal that denial as provided in this section.

3 (c) The owner has owned and occupied that homestead since
4 1994.

5 (17) If the department of treasury grants a claim of exemp-
6 tion for 1994 under subsection (16), the county treasurer with
7 possession of the tax roll being adjusted shall amend the 1994
8 tax roll to reflect the exemption and shall issue a corrected tax
9 bill as follows:

10 (a) If the owner owned and occupied that homestead on May 1,
11 1994, that homestead is exempt from the tax levied in 1994 for
12 school operating purposes to the extent provided under
13 section 1211 of ~~Act No. 451 of the Public Acts of 1976~~ THE
14 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, pursuant to
15 subsection (1).

16 (b) If the owner owned and occupied that homestead after May
17 1, 1994 but before October 3, 1994, that homestead is exempt from
18 50% of the number of mills levied in 1994 under section 1211 of
19 ~~Act No. 451 of the Public Acts of 1976~~ pursuant to
20 ~~subsection (14)~~ THE REVISED SCHOOL CODE, 1976 PA 451,
21 MCL 380.1211.

22 (18) If the department of treasury denies a claim of exemp-
23 tion for 1994 under subsection (16), an owner may appeal that
24 denial to the residential and small claims division of the
25 Michigan tax tribunal within 35 days of that denial.

26 (19) If the assessor or treasurer of the local tax
27 collecting unit believes that the department of treasury

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

10 (20) If granting the exemption under this section results in
11 an overpayment of the tax, a rebate, including any interest paid,
12 shall be made to the taxpayer by the local tax collecting unit if
13 the local tax collecting unit has possession of the tax roll or
14 by the county treasurer if the county has possession of the tax
15 roll within 30 days of the date the exemption is granted. The
16 rebate shall be without interest.

17 (21) If an exemption under this section is erroneously
18 granted, an owner may request in writing that the department of
19 treasury withdraw the exemption. If an owner requests that an
20 exemption be withdrawn, the department of treasury shall issue an
21 order notifying the local assessor that the exemption issued
22 under this section has been denied based on the owner's request.
23 If an exemption is withdrawn, the property that had been subject
24 to that exemption shall be immediately placed on the tax roll by
25 the local tax collecting unit if the local tax collecting unit
26 has possession of the tax roll or by the county treasurer if the
27 county has possession of the tax roll as though the exemption had

1 not been granted. A corrected tax bill shall be issued for the
 2 tax year being adjusted by the local tax collecting unit if the
 3 local tax collecting unit has possession of the tax roll or by
 4 the county treasurer if the county has possession of the tax
 5 roll. If an owner requests that an exemption under this section
 6 be withdrawn before that owner is contacted in writing by either
 7 the local assessor or the department of treasury regarding that
 8 owner's eligibility for the exemption and that owner pays the
 9 corrected tax bill issued under this subsection within 30 days
 10 after the corrected tax bill is issued, that owner is not liable
 11 for any penalty or interest on the additional tax. An owner who
 12 pays a corrected tax bill issued under this subsection more than
 13 30 days after the corrected tax bill is issued is liable for the
 14 penalties and interest that would have accrued if the exemption
 15 had not been granted from the date the taxes were originally
 16 levied.

17 (22) For tax years beginning on and after January 1, 1994, a
 18 cooperative housing corporation is entitled to a full or partial
 19 exemption under this section for the tax year in which the coop-
 20 erative housing corporation files all of the following with the
 21 local tax collecting unit in which the cooperative housing corpo-
 22 ration is located if filed on or before May 1 ~~of the tax year,~~
 23 ~~or for the tax year following the year in which all of the fol-~~
 24 ~~lowing are filed if filed after May 1 of the~~ IN A TAX YEAR FOR
 25 TAXES LEVIED IN THAT TAX YEAR, OR, FOR TAXES LEVIED AFTER
 26 DECEMBER 31, 1998, AT ANY TIME AFTER MAY 1 IN A TAX YEAR FOR THAT
 27 PORTION OF TAXES LEVIED IN THAT TAX YEAR DETERMINED BY

1 MULTIPLYING THE TAXES LEVIED IN THAT TAX YEAR BY A FRACTION THE
2 NUMERATOR OF WHICH IS THE NUMBER OF DAYS REMAINING FROM THE DATE
3 THE AFFIDAVIT IS FILED UNTIL DECEMBER 31 IN THAT TAX YEAR AND THE
4 DENOMINATOR OF WHICH IS THE NUMBER OF DAYS IN THAT tax year:

5 (a) An affidavit form.

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

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

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