

# HOUSE BILL No. 5642

May 16, 2012, Introduced by Reps. Dillon, McCann, LeBlanc, Lindberg, Nathan, Darany, Roy Schmidt, Daley, Callton, Greimel and Meadows and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2010 PA 17.

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14 state that is not rescinded or a substantially similar exemption,  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16 rescinded.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22 exemption and that exemption shall remain in effect until rescinded  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

24 (3) Except as otherwise provided in subsection (5), a husband  
25 and wife who are required to file or who do file a joint Michigan  
26 income tax return are entitled to not more than 1 exemption under  
27 this section. For taxes levied after December 31, 2002, a person is

1 not entitled to an exemption under this section if any of the  
2 following conditions occur:

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5 rescinded.

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

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

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

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

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

26 (ii) That person has rescinded an exemption under this section  
27 on other property, which exemption remains in effect for that tax

1 year, and there has not been a transfer of ownership of that  
2 property.

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

14 (5) Not more than 90 days after exempted property is no longer  
15 used as a principal residence by the owner claiming an exemption,  
16 that owner shall rescind the claim of exemption by filing with the  
17 local tax collecting unit a rescission form prescribed by the  
18 department of treasury. However, if an owner is eligible for and  
19 claims an exemption for that owner's current principal residence,  
20 that owner may retain an exemption for not more than 3 tax years on  
21 property previously exempt as his or her principal residence if  
22 that property is not occupied, is for sale, is not leased, and is  
23 not used for any business or commercial purpose by filing a  
24 conditional rescission form prescribed by the department of  
25 treasury on or before May 1 with the local tax collecting unit.  
26 Property is eligible for a conditional rescission if that property  
27 is available for lease and all other conditions under this

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

26 (6) Except as otherwise provided in subsection (5), if the  
27 assessor of the local tax collecting unit believes that the

1 property for which an exemption is claimed is not the principal  
2 residence of the owner claiming the exemption, the assessor may  
3 deny a new or existing claim by notifying the owner and the  
4 department of treasury in writing of the reason for the denial and  
5 advising the owner that the denial may be appealed to the  
6 residential and small claims division of the Michigan tax tribunal  
7 within 35 days after the date of the notice. The assessor may deny  
8 a claim for exemption for the current year and for the 3  
9 immediately preceding calendar years. If the assessor denies an  
10 existing claim for exemption, the assessor shall remove the  
11 exemption of the property and, if the tax roll is in the local tax  
12 collecting unit's possession, amend the tax roll to reflect the  
13 denial and the local treasurer shall within 30 days of the date of  
14 the denial issue a corrected tax bill for any additional taxes with  
15 interest at the rate of 1.25% per month or fraction of a month and  
16 penalties computed from the date the taxes were last payable  
17 without interest or penalty. If the tax roll is in the county  
18 treasurer's possession, the tax roll shall be amended to reflect  
19 the denial and the county treasurer shall within 30 days of the  
20 date of the denial prepare and submit a supplemental tax bill for  
21 any additional taxes, together with interest at the rate of 1.25%  
22 per month or fraction of a month and penalties computed from the  
23 date the taxes were last payable without interest or penalty.  
24 Interest on any tax set forth in a corrected or supplemental tax  
25 bill shall again begin to accrue 60 days after the date the  
26 corrected or supplemental tax bill is issued at the rate of 1.25%  
27 per month or fraction of a month. Taxes levied in a corrected or

1 supplemental tax bill shall be returned as delinquent on the March  
2 1 in the year immediately succeeding the year in which the  
3 corrected or supplemental tax bill is issued. If the assessor  
4 denies an existing claim for exemption, the interest due shall be  
5 distributed as provided in subsection (23). However, if the  
6 property has been transferred to a bona fide purchaser before  
7 additional taxes were billed to the seller as a result of the  
8 denial of a claim for exemption, the taxes, interest, and penalties  
9 shall not be a lien on the property and shall not be billed to the  
10 bona fide purchaser, and the local tax collecting unit if the local  
11 tax collecting unit has possession of the tax roll or the county  
12 treasurer if the county has possession of the tax roll shall notify  
13 the department of treasury of the amount of tax due, interest, and  
14 penalties through the date of that notification. The department of  
15 treasury shall then assess the owner who claimed the exemption  
16 under this section for the tax, interest, and penalties accruing as  
17 a result of the denial of the claim for exemption, if any, as for  
18 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and  
19 shall deposit any tax or penalty collected into the state school  
20 aid fund and shall distribute any interest collected as provided in  
21 subsection (23). The denial shall be made on a form prescribed by  
22 the department of treasury. If the property for which the assessor  
23 has denied a claim for exemption under this subsection is located  
24 in a county in which the county treasurer or the county  
25 equalization director have elected to audit exemptions under  
26 subsection (10), the assessor shall notify the county treasurer or  
27 the county equalization director of the denial under this

1 subsection.

2 (7) If the assessor of the local tax collecting unit believes  
3 that the property for which the exemption is claimed is not the  
4 principal residence of the owner claiming the exemption and has not  
5 denied the claim, the assessor shall include a recommendation for  
6 denial with any affidavit that is forwarded to the department of  
7 treasury or, for an existing claim, shall send a recommendation for  
8 denial to the department of treasury, stating the reasons for the  
9 recommendation.

10 (8) The department of treasury shall determine if the property  
11 is the principal residence of the owner claiming the exemption. The  
12 department of treasury may review the validity of exemptions for  
13 the current calendar year and for the 3 immediately preceding  
14 calendar years. Except as otherwise provided in subsection (5), if  
15 the department of treasury determines that the property is not the  
16 principal residence of the owner claiming the exemption, the  
17 department shall send a notice of that determination to the local  
18 tax collecting unit and to the owner of the property claiming the  
19 exemption, indicating that the claim for exemption is denied,  
20 stating the reason for the denial, and advising the owner claiming  
21 the exemption of the right to appeal the determination to the  
22 department of treasury and what those rights of appeal are. The  
23 department of treasury may issue a notice denying a claim if an  
24 owner fails to respond within 30 days of receipt of a request for  
25 information from that department. An owner may appeal the denial of  
26 a claim of exemption to the department of treasury within 35 days  
27 of receipt of the notice of denial. An appeal to the department of



1 treasury shall be conducted according to the provisions for an  
2 informal conference in section 21 of 1941 PA 122, MCL 205.21.  
3 Within 10 days after acknowledging an appeal of a denial of a claim  
4 of exemption, the department of treasury shall notify the assessor  
5 and the treasurer for the county in which the property is located  
6 that an appeal has been filed. Upon receipt of a notice that the  
7 department of treasury has denied a claim for exemption, the  
8 assessor shall remove the exemption of the property and, if the tax  
9 roll is in the local tax collecting unit's possession, amend the  
10 tax roll to reflect the denial and the local treasurer shall within  
11 30 days of the date of the denial issue a corrected tax bill for  
12 any additional taxes with interest at the rate of 1.25% per month  
13 or fraction of a month and penalties computed from the date the  
14 taxes were last payable without interest and penalty. **HOWEVER,**  
15 **INTEREST SHALL NOT BE CALCULATED FOR THE PERIOD BEGINNING WHEN AN**  
16 **APPEAL OF A DENIAL OF A CLAIM OF EXEMPTION IS FILED WITH THE**  
17 **DEPARTMENT OF TREASURY AND ENDING WHEN THE DEPARTMENT OF TREASURY**  
18 **MAKES A DETERMINATION ON THAT APPEAL.** If the tax roll is in the  
19 county treasurer's possession, the tax roll shall be amended to  
20 reflect the denial and the county treasurer shall within 30 days of  
21 the date of the denial prepare and submit a supplemental tax bill  
22 for any additional taxes, together with interest at the rate of  
23 1.25% per month or fraction of a month and penalties computed from  
24 the date the taxes were last payable without interest or penalty.  
25 Interest on any tax set forth in a corrected or supplemental tax  
26 bill shall again begin to accrue 60 days after the date the  
27 corrected or supplemental tax bill is issued at the rate of 1.25%

1 per month or fraction of a month. The department of treasury may  
2 waive interest on any tax set forth in a corrected or supplemental  
3 tax bill for the current tax year and the immediately preceding 3  
4 tax years if the assessor of the local tax collecting unit files  
5 with the department of treasury a sworn affidavit in a form  
6 prescribed by the department of treasury stating that the tax set  
7 forth in the corrected or supplemental tax bill is a result of the  
8 assessor's classification error or other error or the assessor's  
9 failure to rescind the exemption after the owner requested in  
10 writing that the exemption be rescinded. Taxes levied in a  
11 corrected or supplemental tax bill shall be returned as delinquent  
12 on the March 1 in the year immediately succeeding the year in which  
13 the corrected or supplemental tax bill is issued. If the department  
14 of treasury denies an existing claim for exemption, the interest  
15 due shall be distributed as provided in subsection (23). However,  
16 if the property has been transferred to a bona fide purchaser  
17 before additional taxes were billed to the seller as a result of  
18 the denial of a claim for exemption, the taxes, interest, and  
19 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

1 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
2 205.31, and shall deposit any tax or penalty collected into the  
3 state school aid fund and shall distribute any interest collected  
4 as provided in subsection (23).

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

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

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

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

1 calendar years. If the county treasurer or his or her designee or  
2 the county equalization director or his or her designee denies an  
3 existing claim for exemption, the county treasurer or his or her  
4 designee or the county equalization director or his or her designee  
5 shall direct the assessor of the local tax collecting unit in which  
6 the property is located to remove the exemption of the property  
7 from the assessment roll and, if the tax roll is in the local tax  
8 collecting unit's possession, direct the assessor of the local tax  
9 collecting unit to amend the tax roll to reflect the denial and the  
10 treasurer of the local tax collecting unit shall within 30 days of  
11 the date of the denial issue a corrected tax bill for any  
12 additional taxes with interest at the rate of 1.25% per month or  
13 fraction of a month and penalties computed from the date the taxes  
14 were last payable without interest and penalty. If the tax roll is  
15 in the county treasurer's possession, the tax roll shall be amended  
16 to reflect the denial and the county treasurer shall within 30 days  
17 of the date of the denial prepare and submit a supplemental tax  
18 bill for any additional taxes, together with interest at the rate  
19 of 1.25% per month or fraction of a month and penalties computed  
20 from the date the taxes were last payable without interest or  
21 penalty. Interest on any tax set forth in a corrected or  
22 supplemental tax bill shall again begin to accrue 60 days after the  
23 date the corrected or supplemental tax bill is issued at the rate  
24 of 1.25% per month or fraction of a month. Taxes levied in a  
25 corrected or supplemental tax bill shall be returned as delinquent  
26 on the March 1 in the year immediately succeeding the year in which  
27 the corrected or supplemental tax bill is issued. If the county

1 treasurer or his or her designee or the county equalization  
2 director or his or her designee denies an existing claim for  
3 exemption, the interest due shall be distributed as provided in  
4 subsection (23). However, if the property has been transferred to a  
5 bona fide purchaser before additional taxes were billed to the  
6 seller as a result of the denial of a claim for exemption, the  
7 taxes, interest, and penalties shall not be a lien on the property  
8 and shall not be billed to the bona fide purchaser, and the local  
9 tax collecting unit if the local tax collecting unit has possession  
10 of the tax roll or the county treasurer if the county has  
11 possession of the tax roll shall notify the department of treasury  
12 of the amount of tax due and interest through the date of that  
13 notification. The department of treasury shall then assess the  
14 owner who claimed the exemption under this section for the tax and  
15 interest plus penalty accruing as a result of the denial of the  
16 claim for exemption, if any, as for unpaid taxes provided under  
17 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
18 penalty collected into the state school aid fund and shall  
19 distribute any interest collected as provided in subsection (23).  
20 The department of treasury shall annually provide the county  
21 treasurer or his or her designee or the county equalization  
22 director or his or her designee a list of parcels of property  
23 located in that county for which an exemption may be erroneously  
24 claimed. The county treasurer or his or her designee or the county  
25 equalization director or his or her designee shall forward copies  
26 of the list provided by the department of treasury to each assessor  
27 in each local tax collecting unit in that county within 10 days of

1 receiving the list.

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

10 (13) An owner may appeal a denial by the assessor of the local  
11 tax collecting unit under subsection (6), a final decision of the  
12 department of treasury under subsection (8), or a denial by the  
13 county treasurer or his or her designee or the county equalization  
14 director or his or her designee under subsection (11) to the  
15 residential and small claims division of the Michigan tax tribunal  
16 within 35 days of that decision. An owner is not required to pay  
17 the amount of tax in dispute in order to appeal a denial of a claim  
18 of exemption to the department of treasury or to receive a final  
19 determination of the residential and small claims division of the  
20 Michigan tax tribunal. However, interest at the rate of 1.25% per  
21 month or fraction of a month and penalties shall accrue and be  
22 computed from the date the taxes were last payable without interest  
23 and penalty. If the residential and small claims division of the  
24 Michigan tax tribunal grants an owner's appeal of a denial and that  
25 owner has paid the interest due as a result of a denial under  
26 subsection (6), (8), or (11), the interest received after a  
27 distribution was made under subsection (23) shall be refunded.

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

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

21           (16) Except as otherwise provided in subsection (28), if the  
22 principal residence is part of a unit in a multiple-unit dwelling  
23 or a dwelling unit in a multiple-purpose structure, an owner shall  
24 claim an exemption for only that portion of the total taxable value  
25 of the property used as the principal residence of that owner in a  
26 manner prescribed by the department of treasury. If a portion of a  
27 parcel for which the owner claims an exemption is used for a



1 purpose other than as a principal residence, the owner shall claim  
2 an exemption for only that portion of the taxable value of the  
3 property used as the principal residence of that owner in a manner  
4 prescribed by the department of treasury.

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

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

1 correct the tax roll to reflect the exemption. This subsection does  
2 not create a cause of action at law or in equity against a closing  
3 statement preparer who fails to provide exemption affidavit and  
4 rescission forms to a buyer and seller or who fails to file the  
5 affidavit and rescission forms with the local tax collecting unit  
6 when requested to do so by the buyer or seller.

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

1 denied before May 1, 2009 may file an appeal with the 2009 December  
2 board of review or the 2010 July board of review to claim an  
3 exemption under this section for that property classified as  
4 timber-cutover real property for the 2008 and 2009 tax years.

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

15 (21) If granting the exemption under this section results in  
16 an overpayment of the tax, a rebate, including any interest paid,  
17 shall be made to the taxpayer by the local tax collecting unit if  
18 the local tax collecting unit has possession of the tax roll or by  
19 the county treasurer if the county has possession of the tax roll  
20 within 30 days of the date the exemption is granted. The rebate  
21 shall be without interest. If an exemption for property classified  
22 as timber-cutover real property is granted under this section for  
23 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
24 delinquent and unpaid penalty, interest, and tax resulting from  
25 that property not having been exempt under this section for the  
26 2008 or 2009 tax year shall be waived.

27 (22) If an exemption under this section is erroneously granted

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

27 (23) Subject to subsection (24), interest at the rate of 1.25%

1 per month or fraction of a month collected under subsection (6),  
2 (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

13 (c) If the county treasurer or his or her designee or the  
14 county equalization director or his or her designee denies the  
15 exemption under this section, as follows:

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

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

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

19 (24) Interest distributed under subsection (23) is subject to  
20 the following conditions:

21 (a) Interest distributed to a county shall be deposited into a  
22 restricted fund to be used solely for the administration of  
23 exemptions under this section. Money in that restricted fund shall  
24 lapse to the county general fund on the December 31 in the year 3  
25 years after the first distribution of interest to the county under  
26 subsection (23) and on each succeeding December 31 thereafter.

27 (b) Interest distributed to the department of treasury shall

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

12 (25) Interest distributed under subsection (23) is in addition  
13 to and shall not affect the levy or collection of the county  
14 property tax administration fee established under this act.

15 (26) A cooperative housing corporation is entitled to a full  
16 or partial exemption under this section for the tax year in which  
17 the cooperative housing corporation files all of the following with  
18 the local tax collecting unit in which the cooperative housing  
19 corporation is located if filed on or before May 1:

20 (a) An affidavit form.

21 (b) A statement of the total number of units owned by the  
22 cooperative housing corporation and occupied as the principal  
23 residence of a tenant stockholder as of the date of the filing  
24 under this subsection.

25 (c) A list that includes the name, address, and social  
26 security number of each tenant stockholder of the cooperative  
27 housing corporation occupying a unit in the cooperative housing

1 corporation as his or her principal residence as of the date of the  
2 filing under this subsection.

3 (d) A statement of the total number of units of the  
4 cooperative housing corporation on which an exemption under this  
5 section was claimed and that were transferred in the tax year  
6 immediately preceding the tax year in which the filing under this  
7 section was made.

8 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
9 of each county shall forward to the department of education a  
10 statement of the taxable value of each school district and fraction  
11 of a school district within the county for the preceding 4 calendar  
12 years. This requirement is in addition to the requirement set forth  
13 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
14 388.1751.

15 (28) For a parcel of property open and available for use as a  
16 bed and breakfast, the portion of the taxable value of the property  
17 used as a principal residence under subsection (16) shall be  
18 calculated in the following manner:

19 (a) Add all of the following:

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

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

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

27 (A) Add the square footage of the property that is open and

1 available regularly and exclusively as a bed and breakfast, and 50%  
2 of the square footage of the property's common area.

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

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

10 (29) The owner claiming an exemption under this section for  
11 property open and available as a bed and breakfast shall file an  
12 affidavit claiming the exemption on or before May 1 with the local  
13 tax collecting unit in which the property is located. The affidavit  
14 shall be in a form prescribed by the department of treasury.

15 (30) As used in this section:

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

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

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

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

26 (b) "Common area" includes, but is not limited to, a kitchen,  
27 dining room, living room, fitness room, porch, hallway, laundry



1 room, or bathroom that is available for use by guests of a bed and  
2 breakfast or, unless guests are specifically prohibited from access  
3 to the area, an area that is used to provide a service to guests of  
4 a bed and breakfast.