

**SUBSTITUTE FOR  
SENATE BILL NO. 24**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2014 PA 40.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 7cc. (1) A principal residence is exempt from the tax  
2 levied by a local school district for school operating purposes to  
3 the extent provided under section 1211 of the revised school code,  
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence  
5 claims an exemption as provided in this section. Notwithstanding  
6 the tax day provided in section 2, the status of property as a  
7 principal residence shall be determined on the date an affidavit  
8 claiming an exemption is filed under subsection (2).

9       (2) Except as otherwise provided in subsection (5), an owner

1 of property may claim 1 exemption under this section by filing an  
2 affidavit on or before May 1 for taxes levied before January 1,  
3 2012 or, for taxes levied after December 31, 2011, on or before  
4 June 1 for the immediately succeeding summer tax levy and all  
5 subsequent tax levies or on or before November 1 for the  
6 immediately succeeding winter tax levy and all subsequent tax  
7 levies with the local tax collecting unit in which the property is  
8 located. The affidavit shall state that the property is owned and  
9 occupied as a principal residence by that owner of the property on  
10 the date that the affidavit is signed. The affidavit shall be on a  
11 form prescribed by the department of treasury. One copy of the  
12 affidavit shall be retained by the owner, 1 copy shall be retained  
13 by the local tax collecting unit until any appeal or audit period  
14 under this act has expired, and 1 copy shall be forwarded to the  
15 department of treasury pursuant to subsection (4), together with  
16 all information submitted under subsection (28) for a cooperative  
17 housing corporation. The affidavit shall require the owner claiming  
18 the exemption to indicate if that owner or that owner's spouse has  
19 claimed another exemption on property in this state that is not  
20 rescinded or a substantially similar exemption, deduction, or  
21 credit on property in another state that is not rescinded. If the  
22 affidavit requires an owner to include a social security number,  
23 that owner's number is subject to the disclosure restrictions in  
24 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an  
25 affidavit for an exemption under this section before January 1,  
26 2004, that affidavit shall be considered the affidavit required  
27 under this subsection for a principal residence exemption and that

1 exemption shall remain in effect until rescinded as provided in  
2 this section.

3 (3) Except as otherwise provided in subsection (5), a husband  
4 and wife who are required to file or who do file a joint Michigan  
5 income tax return are entitled to not more than 1 exemption under  
6 this section. For taxes levied after December 31, 2002, a person is  
7 not entitled to an exemption under this section if any of the  
8 following conditions occur:

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

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

1 property after the previous exemption was rescinded, if either of  
2 the following conditions is satisfied:

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

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

9 (4) Upon receipt of an affidavit filed under subsection (2)  
10 and unless the claim is denied under this section, the assessor  
11 shall exempt the property from the collection of the tax levied by  
12 a local school district for school operating purposes to the extent  
13 provided under section 1211 of the revised school code, 1976 PA  
14 451, MCL 380.1211, as provided in subsection (1) until December 31  
15 of the year in which the property is transferred or, except as  
16 otherwise provided in subsection (5), is no longer a principal  
17 residence as defined in section 7dd. The local tax collecting unit  
18 shall forward copies of affidavits to the department of treasury  
19 according to a schedule prescribed by the department of treasury.

20 (5) Except as otherwise provided in this subsection, not more  
21 than 90 days after exempted property is no longer used as a  
22 principal residence by the owner claiming an exemption, that owner  
23 shall rescind the claim of exemption by filing with the local tax  
24 collecting unit a rescission form prescribed by the department of  
25 treasury. If an owner is eligible for and claims an exemption for  
26 that owner's current principal residence, that owner may retain an  
27 exemption for not more than 3 tax years on property previously

1 exempt as his or her principal residence if that property is not  
2 occupied, is for sale, is not leased, and is not used for any  
3 business or commercial purpose by filing a conditional rescission  
4 form prescribed by the department of treasury with the local tax  
5 collecting unit within the time period prescribed in subsection  
6 (2). BEGINNING DECEMBER 31, 2015, IF AN OWNER IS RELATED TO A  
7 DECEDENT BY BLOOD OR AFFINITY TO THE FIRST DEGREE, THAT OWNER MAY  
8 RETAIN AN EXEMPTION FOR NOT MORE THAN 2 TAX YEARS ON PROPERTY THAT  
9 DECEDENT CONVEYED TO THAT OWNER BY WILL OR INTESTATE SUCCESSION IF  
10 THAT PROPERTY WAS EXEMPT AS THAT DECEDENT'S PRINCIPAL RESIDENCE IN  
11 THE IMMEDIATELY PRECEDING TAX YEAR AND IF THAT PROPERTY IS NOT  
12 OCCUPIED, IS FOR SALE, IS NOT LEASED, AND IS NOT USED FOR ANY  
13 BUSINESS OR COMMERCIAL PURPOSE BY FILING A CONDITIONAL RESCISSION  
14 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY WITH THE LOCAL TAX  
15 COLLECTING UNIT WITHIN THE TIME PERIOD PRESCRIBED IN SUBSECTION (2)  
16 AND BY FILING A PROPERTY TRANSFER AFFIDAVIT PURSUANT TO SECTION  
17 27A(10). THE EXEMPTION FOR PROPERTY CONVEYED TO AN OWNER BY WILL OR  
18 INTESTATE SUCCESSION UNDER THE PRECEDING SENTENCE IS IN ADDITION TO  
19 AN EXEMPTION UNDER THIS SECTION FOR PROPERTY FOR WHICH THAT OWNER  
20 IS ELIGIBLE FOR AND CLAIMS AN EXEMPTION AS THAT OWNER'S PRINCIPAL  
21 RESIDENCE. Beginning in the 2012 tax year, subject to the payment  
22 requirement set forth in this subsection, if a land contract  
23 vendor, bank, credit union, or other lending institution owns  
24 property as a result of a foreclosure or forfeiture of a recorded  
25 instrument under chapter 31, 32, or 57 of the revised judicature  
26 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701  
27 to 600.5759, or through deed or conveyance in lieu of a foreclosure

1 or forfeiture on that property and that property had been exempt  
2 under this section immediately preceding the foreclosure, that land  
3 contract vendor, bank, credit union, or other lending institution  
4 may retain an exemption on that property at the same percentage of  
5 exemption that the property previously had under this section if  
6 that property is not occupied other than by the person who claimed  
7 the exemption under this section immediately preceding the  
8 foreclosure or forfeiture, is for sale, is not leased to any person  
9 other than the person who claimed the exemption under this section  
10 immediately preceding the foreclosure, and is not used for any  
11 business or commercial purpose. A land contract vendor, bank,  
12 credit union, or other lending institution may claim an exemption  
13 under this subsection by filing a conditional rescission form  
14 prescribed by the department of treasury with the local tax  
15 collecting unit within the time period prescribed in subsection  
16 (2). Property is eligible for a conditional rescission if that  
17 property is available for lease and all other conditions under this  
18 subsection are met. A copy of a conditional rescission form shall  
19 be forwarded to the department of treasury according to a schedule  
20 prescribed by the department of treasury. An owner or a land  
21 contract vendor, bank, credit union, or other lending institution  
22 that files a conditional rescission form shall annually verify to  
23 the assessor of the local tax collecting unit on or before December  
24 31 that the property for which the principal residence exemption is  
25 retained is not occupied other than by the person who claimed the  
26 exemption under this section immediately preceding the foreclosure  
27 or forfeiture, is for sale, is not leased except as otherwise

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

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



1 required under this subsection for any property within the period  
2 for which property taxes are due and payable without penalty, the  
3 local tax collecting unit shall deny that conditional rescission  
4 and that denial is retroactive and is effective on December 31 of  
5 the immediately preceding year. If the local tax collecting unit  
6 denies a conditional rescission, the local tax collecting unit  
7 shall remove the exemption of the property and the amount due from  
8 the land contract vendor, bank, credit union, or other lending  
9 institution shall be a tax so that the additional taxes, penalties,  
10 and interest shall be collected as provided for in this section. If  
11 payment of the tax under this subsection is not made by the March 1  
12 following the levy of the tax, the tax shall be turned over to the  
13 county treasurer and collected in the same manner as delinquent  
14 taxes under this act. A person who previously occupied property as  
15 his or her principal residence but now resides in a nursing home or  
16 assisted living facility may retain an exemption on that property  
17 if the owner manifests an intent to return to that property by  
18 satisfying all of the following conditions:

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

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

22 (c) The owner maintains or provides for the maintenance of  
23 that property while residing in the nursing home or assisted living  
24 facility.

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

27 (e) Except as otherwise provided in subsection (5), if the

1 assessor of the local tax collecting unit believes that the  
2 property for which an exemption is claimed is not the principal  
3 residence of the owner claiming the exemption, the assessor may  
4 deny a new or existing claim by notifying the owner and the  
5 department of treasury in writing of the reason for the denial and  
6 advising the owner that the denial may be appealed to the  
7 residential and small claims division of the Michigan tax tribunal  
8 within 35 days after the date of the notice. The assessor may deny  
9 a claim for exemption for the current year and for the 3  
10 immediately preceding calendar years. If the assessor denies an  
11 existing claim for exemption, the assessor shall remove the  
12 exemption of the property and, if the tax roll is in the local tax  
13 collecting unit's possession, amend the tax roll to reflect the  
14 denial and the local treasurer shall within 30 days of the date of  
15 the denial issue a corrected tax bill for any additional taxes with  
16 interest at the rate of 1.25% per month or fraction of a month and  
17 penalties computed from the date the taxes were last payable  
18 without interest or penalty. If the tax roll is in the county  
19 treasurer's possession, the tax roll shall be amended to reflect  
20 the denial and the county treasurer shall within 30 days of the  
21 date of the denial prepare and submit a supplemental tax bill for  
22 any additional taxes, together with interest at the rate of 1.25%  
23 per month or fraction of a month and penalties computed from the  
24 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. Taxes levied in a corrected or  
2 supplemental tax bill shall be returned as delinquent on the March  
3 1 in the year immediately succeeding the year in which the  
4 corrected or supplemental tax bill is issued. If the assessor  
5 denies an existing claim for exemption, the interest due shall be  
6 distributed as provided in subsection (25). However, if the  
7 property has been transferred to a bona fide purchaser before  
8 additional taxes were billed to the seller as a result of the  
9 denial of a claim for exemption, the taxes, interest, and penalties  
10 shall not be a lien on the property and shall not be billed to the  
11 bona fide purchaser, and the local tax collecting unit if the local  
12 tax collecting unit has possession of the tax roll or the county  
13 treasurer if the county has possession of the tax roll shall notify  
14 the department of treasury of the amount of tax due, interest, and  
15 penalties through the date of that notification. The department of  
16 treasury shall then assess the owner who claimed the exemption  
17 under this section for the tax, interest, and penalties accruing as  
18 a result of the denial of the claim for exemption, if any, as for  
19 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and  
20 shall deposit any tax or penalty collected into the state school  
21 aid fund and shall distribute any interest collected as provided in  
22 subsection (25). The denial shall be made on a form prescribed by  
23 the department of treasury. If the property for which the assessor  
24 has denied a claim for exemption under this subsection is located  
25 in a county in which the county treasurer or the county  
26 equalization director have elected to audit exemptions under  
27 subsection (10), the assessor shall notify the county treasurer or

1 the county equalization director of the denial under this  
2 subsection.

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

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

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

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

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

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



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

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

27 (12) If a county elects to audit exemptions claimed under this

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

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

26 (14) For taxes levied after December 31, 2005, for each county  
27 in which the county treasurer or the county equalization director

1 does not elect to audit the exemptions claimed under this section  
2 as provided in subsection (10), the department of treasury shall  
3 conduct an annual audit of exemptions claimed under this section  
4 for the current calendar year.

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

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

1 property used as the principal residence of that owner in a manner  
2 prescribed by the department of treasury.

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

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

1 statement preparer who fails to provide exemption affidavit and  
2 rescission forms to a buyer and seller or who fails to file the  
3 affidavit and rescission forms with the local tax collecting unit  
4 when requested to do so by the buyer or seller.

5 (19) An owner who owned and occupied a principal residence on  
6 May 1 for taxes levied before January 1, 2012 for which the  
7 exemption was not on the tax roll may file an appeal with the July  
8 board of review or December board of review in the year for which  
9 the exemption was claimed or the immediately succeeding 3 years.  
10 For taxes levied after December 31, 2011, an owner who owned and  
11 occupied a principal residence on June 1 or November 1 for which  
12 the exemption was not on the tax roll may file an appeal with the  
13 July board of review or December board of review in the year for  
14 which the exemption was claimed or the immediately succeeding 3  
15 years. If an appeal of a claim for exemption that was not on the  
16 tax roll is received not later than 5 days prior to the date of the  
17 December board of review, the local tax collecting unit shall  
18 convene a December board of review and consider the appeal pursuant  
19 to this section and section 53b.

20 (20) An owner who owned and occupied a principal residence  
21 within the time period prescribed in subsection (2) in any year  
22 before the 3 immediately preceding tax years for which the  
23 exemption was not on the tax roll as a result of a qualified error  
24 on the part of the local tax collecting unit may file a request for  
25 the exemption for those tax years with the department of treasury.  
26 The request for the exemption shall be in a form prescribed by the  
27 department of treasury and shall include all documentation the

1 department of treasury considers necessary to consider the request  
2 and to correct any affected official records if a qualified error  
3 on the part of the local tax collecting unit is recognized and an  
4 exemption is granted. If the department of treasury denies a  
5 request for the exemption under this subsection, the owner is  
6 responsible for all costs related to the request as determined by  
7 the department of treasury. If the department of treasury grants a  
8 request for the exemption under this subsection and the exemption  
9 results in an overpayment of the tax in the years under  
10 consideration, the department of treasury shall notify the  
11 treasurer of the local tax collecting unit, the county treasurer,  
12 and other affected officials of the error and the granting of the  
13 request for the exemption and all affected official records shall  
14 be corrected consistent with guidance provided by the department of  
15 treasury. If granting the request for the exemption results in an  
16 overpayment, a rebate, including any interest paid by the owner,  
17 shall be paid to the owner within 30 days of the receipt of the  
18 notice. A rebate shall be without interest. The treasurer in  
19 possession of the appropriate tax roll may deduct the rebate from  
20 the appropriate tax collecting unit's subsequent distribution of  
21 taxes. The treasurer in possession of the appropriate tax roll  
22 shall bill to the appropriate tax collecting unit the tax  
23 collecting unit's share of taxes rebated. A local tax collecting  
24 unit responsible for a qualified error under this subsection shall  
25 reimburse each county treasurer and other affected local official  
26 required to correct official records under this subsection for the  
27 costs incurred in complying with this subsection.

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

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

26           (23) If granting the exemption under this section results in  
27 an overpayment of the tax, a rebate, including any interest paid,



1 shall be made to the taxpayer by the local tax collecting unit if  
2 the local tax collecting unit has possession of the tax roll or by  
3 the county treasurer if the county has possession of the tax roll  
4 within 30 days of the date the exemption is granted. The rebate  
5 shall be without interest. If an exemption for property classified  
6 as timber-cutover real property is granted under this section for  
7 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
8 delinquent and unpaid penalty, interest, and tax resulting from  
9 that property not having been exempt under this section for the  
10 2008 or 2009 tax year shall be waived.

11 (24) If an exemption under this section is erroneously granted  
12 for an affidavit filed before October 1, 2003, an owner may request  
13 in writing that the department of treasury withdraw the exemption.  
14 The request to withdraw the exemption shall be received not later  
15 than November 1, 2003. If an owner requests that an exemption be  
16 withdrawn, the department of treasury shall issue an order  
17 notifying the local assessor that the exemption issued under this  
18 section has been denied based on the owner's request. If an  
19 exemption is withdrawn, the property that had been subject to that  
20 exemption shall be immediately placed on the tax roll by the local  
21 tax collecting unit if the local tax collecting unit has possession  
22 of the tax roll or by the county treasurer if the county has  
23 possession of the tax roll as though the exemption had not been  
24 granted. A corrected tax bill shall be issued for the tax year  
25 being adjusted by the local tax collecting unit if the local tax  
26 collecting unit has possession of the tax roll or by the county  
27 treasurer if the county has possession of the tax roll. Unless a

1 denial has been issued prior to July 1, 2003, if an owner requests  
2 that an exemption under this section be withdrawn and that owner  
3 pays the corrected tax bill issued under this subsection within 30  
4 days after the corrected tax bill is issued, that owner is not  
5 liable for any penalty or interest on the additional tax. An owner  
6 who pays a corrected tax bill issued under this subsection more  
7 than 30 days after the corrected tax bill is issued is liable for  
8 the penalties and interest that would have accrued if the exemption  
9 had not been granted from the date the taxes were originally  
10 levied.

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

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

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

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

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

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

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

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

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

24 (c) If the county treasurer or his or her designee or the  
25 county equalization director or his or her designee denies the  
26 exemption under this section, as follows:

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

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

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

3           (26) Interest distributed under subsection (25) is subject to  
4 the following conditions:

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

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

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

26           (28) A cooperative housing corporation is entitled to a full  
27 or partial exemption under this section for the tax year in which

1 the cooperative housing corporation files all of the following with  
2 the local tax collecting unit in which the cooperative housing  
3 corporation is located if filed within the time period prescribed  
4 in subsection (2):

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 the  
14 filing under this subsection.

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

20 (29) Before May 1, 2004 and before May 1, 2005, the treasurer  
21 of each county shall forward to the department of education a  
22 statement of the taxable value of each school district and fraction  
23 of a school district within the county for the preceding 4 calendar  
24 years. This requirement is in addition to the requirement set forth  
25 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
26 388.1751.

27 (30) For a parcel of property open and available for use as a

1 bed and breakfast, the portion of the taxable value of the property  
2 used as a principal residence under subsection (16) shall be  
3 calculated in the following manner:

4 (a) Add all of the following:

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

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

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

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

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

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

22 (31) The owner claiming an exemption under this section for  
23 property open and available as a bed and breakfast shall file an  
24 affidavit claiming the exemption within the time period prescribed  
25 in subsection (2) with the local tax collecting unit in which the  
26 property is located. The affidavit shall be in a form prescribed by  
27 the department of treasury.

1 (32) As used in this section:

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

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

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

9 (iii) Has a smoke detector in proper working order in each  
10 sleeping room and a fire extinguisher in proper working order on  
11 each floor.

12 (b) "Common area" includes, but is not limited to, a kitchen,  
13 dining room, living room, fitness room, porch, hallway, laundry  
14 room, or bathroom that is available for use by guests of a bed and  
15 breakfast or, unless guests are specifically prohibited from access  
16 to the area, an area that is used to provide a service to guests of  
17 a bed and breakfast.

18 (c) "Qualified error" means that term as defined in section  
19 53b.

20 Enacting section 1. This amendatory act takes effect 90 days  
21 after the date it is enacted into law.