

SENATE BILL No. 24

January 21, 2015, Introduced by Senators NOFS, KNEZEK, HERTEL, MARLEAU, HANSEN, KOWALL, ROCCA, CASPERSON, JONES, EMMONS, HILDENBRAND, PROOS, HORN, ROBERTSON, SCHUITMAKER and SCHMIDT and referred to the Committee on Finance.

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

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21 rescinded or a substantially similar exemption, deduction, or
22 credit on property in another state that is not rescinded.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

1 under this subsection for a principal residence exemption and that
2 exemption shall remain in effect until rescinded as provided in
3 this section.

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

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

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

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

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

26 (e) That person has previously rescinded an exemption under
27 this section for the same property for which an exemption is now

1 claimed and there has not been a transfer of ownership of that
2 property after the previous exemption was rescinded, if either of
3 the following conditions is satisfied:

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

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

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

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

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

1 to 600.5759, or through deed or conveyance in lieu of a foreclosure
2 or forfeiture on that property and that property had been exempt
3 under this section immediately preceding the foreclosure, that land
4 contract vendor, bank, credit union, or other lending institution
5 may retain an exemption on that property at the same percentage of
6 exemption that the property previously had under this section if
7 that property is not occupied other than by the person who claimed
8 the exemption under this section immediately preceding the
9 foreclosure or forfeiture, is for sale, is not leased to any person
10 other than the person who claimed the exemption under this section
11 immediately preceding the foreclosure, and is not used for any
12 business or commercial purpose. A land contract vendor, bank,
13 credit union, or other lending institution may claim an exemption
14 under this subsection by filing a conditional rescission form
15 prescribed by the department of treasury with the local tax
16 collecting unit within the time period prescribed in subsection
17 (2). Property is eligible for a conditional rescission if that
18 property is available for lease and all other conditions under this
19 subsection are met. A copy of a conditional rescission form shall
20 be forwarded to the department of treasury according to a schedule
21 prescribed by the department of treasury. An owner or a land
22 contract vendor, bank, credit union, or other lending institution
23 that files a conditional rescission form shall annually verify to
24 the assessor of the local tax collecting unit on or before December
25 31 that the property for which the principal residence exemption is
26 retained is not occupied other than by the person who claimed the
27 exemption under this section immediately preceding the foreclosure

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

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

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

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

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

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

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

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

1 corrected or supplemental tax bill is issued at the rate of 1.25%
2 per month or fraction of a month. Taxes levied in a corrected or
3 supplemental tax bill shall be returned as delinquent on the March
4 1 in the year immediately succeeding the year in which the
5 corrected or supplemental tax bill is issued. If the assessor
6 denies an existing claim for exemption, the interest due shall be
7 distributed as provided in subsection (25). However, if the
8 property has been transferred to a bona fide purchaser before
9 additional taxes were billed to the seller as a result of the
10 denial of a claim for exemption, the taxes, interest, and penalties
11 shall not be a lien on the property and shall not be billed to the
12 bona fide purchaser, and the local tax collecting unit if the local
13 tax collecting unit has possession of the tax roll or the county
14 treasurer if the county has possession of the tax roll shall notify
15 the department of treasury of the amount of tax due, interest, and
16 penalties through the date of that notification. The department of
17 treasury shall then assess the owner who claimed the exemption
18 under this section for the tax, interest, and penalties accruing as
19 a result of the denial of the claim for exemption, if any, as for
20 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
21 shall deposit any tax or penalty collected into the state school
22 aid fund and shall distribute any interest collected as provided in
23 subsection (25). The denial shall be made on a form prescribed by
24 the department of treasury. If the property for which the assessor
25 has denied a claim for exemption under this subsection is located
26 in a county in which the county treasurer or the county
27 equalization director have elected to audit exemptions under

1 subsection (10), the assessor shall notify the county treasurer or
2 the county equalization director of the denial under this
3 subsection.

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

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

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

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

1 205.31, and shall deposit any tax or penalty collected into the
2 state school aid fund and shall distribute any interest collected
3 as provided in subsection (25).

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

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

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

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

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

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

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

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

27 (14) For taxes levied after December 31, 2005, for each county

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

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

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

1 an exemption for only that portion of the taxable value of the
2 property used as the principal residence of that owner in a manner
3 prescribed by the department of treasury.

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

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

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

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

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

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

1 costs incurred in complying with this subsection.

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

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

27 (23) If granting the exemption under this section results in

1 an overpayment of the tax, a rebate, including any interest paid,
2 shall be made to the taxpayer by the local tax collecting unit if
3 the local tax collecting unit has possession of the tax roll or by
4 the county treasurer if the county has possession of the tax roll
5 within 30 days of the date the exemption is granted. The rebate
6 shall be without interest. If an exemption for property classified
7 as timber-cutover real property is granted under this section for
8 the 2008 or 2009 tax year, the tax roll shall be corrected and any
9 delinquent and unpaid penalty, interest, and tax resulting from
10 that property not having been exempt under this section for the
11 2008 or 2009 tax year shall be waived.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (28) A cooperative housing corporation is entitled to a full

1 or partial exemption under this section for the tax year in which
2 the cooperative housing corporation files all of the following with
3 the local tax collecting unit in which the cooperative housing
4 corporation is located if filed within the time period prescribed
5 in subsection (2):

6 (a) An affidavit form.

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

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

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

21 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
22 of each county shall forward to the department of education a
23 statement of the taxable value of each school district and fraction
24 of a school district within the county for the preceding 4 calendar
25 years. This requirement is in addition to the requirement set forth
26 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
27 388.1751.

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

5 (a) Add all of the following:

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

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

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

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

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

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

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

1 the department of treasury.

2 (32) As used in this section:

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

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

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

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

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

19 (c) "Qualified error" means that term as defined in section
20 53b.