

SENATE BILL No. 816

October 30, 2003, Introduced by Senators BROWN and GOSCHKA and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 7cc, 7ee, and 24c (MCL 211.7cc, 211.7ee, and 211.24c), sections 7cc and 24c as amended by 2003 PA 140 and section 7ee as amended by 2003 PA 105.

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
3 to the extent provided under section 1211 of the revised school
4 code, 1976 PA 451, MCL 380.1211, if an owner of that principal
5 residence claims an exemption as provided in this section.
6 Notwithstanding the tax day provided in section 2, for taxes
7 levied before January 1, ~~2004~~ 2005, the status of property as a
8 principal residence shall be determined on the date an affidavit
9 claiming an exemption is filed under subsection (2). For taxes

1 levied after December 31, ~~2003~~ **2004**, the status of property as
2 a principal residence shall be determined on the tax day provided
3 in section 2.

4 (2) An owner of property may claim an exemption under this
5 section by filing an affidavit on or before May 1 for taxes
6 levied before January 1, ~~2004~~ **2005** and the tax day as provided
7 in section 2 for taxes levied after December 31, ~~2003~~ **2004** with
8 the local tax collecting unit in which the property is located.
9 The affidavit shall state that the property is owned and occupied
10 as a principal residence by that owner of the property on the
11 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
14 retained by the local tax collecting unit until any appeal or
15 audit period under this act has expired, and 1 copy shall be
16 forwarded to the department of treasury pursuant to subsection
17 (4), together with all information submitted under subsection
18 (27) for a cooperative housing corporation. The affidavit shall
19 require the owner claiming the exemption to indicate if that
20 owner or that owner's spouse has claimed another exemption on
21 property in this state that is not rescinded or a substantially
22 similar exemption, deduction, or credit on property in another
23 state that is not rescinded. If the affidavit requires an owner
24 to include a social security number, that owner's number is
25 subject to the disclosure restrictions in 1941 PA 122, MCL 205.1
26 to 205.31. If an owner of property filed an affidavit for an
27 exemption under this section before January 1, ~~2004~~ **2005**, that

1 affidavit shall be considered the affidavit required under this
2 subsection for a principal residence exemption and that exemption
3 shall remain in effect until rescinded as provided in this
4 section.

5 (3) A husband and wife who are required to file or who do
6 file a joint Michigan income tax return are entitled to not more
7 than 1 exemption under this section. A person is not entitled to
8 an exemption under this section if any of the following
9 conditions occur:

10 (a) That person has claimed a substantially similar
11 exemption, deduction, or credit on property in another state that
12 is not 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,
16 or credit substantially similar to the exemption provided under
17 this section, unless that person and his or her spouse file
18 separate 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 (4) Upon receipt of an affidavit filed under subsection (2)
27 and unless the claim is denied under this section, the assessor

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

10 (5) Not more than 90 days after exempted property is no
11 longer used as a principal residence by the owner claiming an
12 exemption, that owner shall rescind the claim of exemption by
13 filing with the local tax collecting unit a rescission form
14 prescribed by the department of treasury. An owner who fails to
15 file a rescission as required by this subsection is subject to a
16 penalty of \$5.00 per day for each separate failure beginning
17 after the 90 days have elapsed, up to a maximum of \$200.00. This
18 penalty shall be collected under 1941 PA 122, MCL 205.1 to
19 205.31, and shall be deposited in the state school aid fund
20 established in section 11 of article IX of the state constitution
21 of 1963. This penalty may be waived by the department of
22 treasury.

23 (6) If the assessor of the local tax collecting unit believes
24 that the property for which an exemption is claimed is not the
25 principal residence of the owner claiming the exemption, the
26 assessor may deny a new or existing claim by notifying the owner
27 and the department of treasury in writing of the reason for the

1 denial and advising the owner that the denial may be appealed to
2 the residential and small claims division of the Michigan tax
3 tribunal within 35 days after the date of the notice. The
4 assessor may deny a claim for exemption for the current year and
5 for the 3 immediately preceding calendar years. If the assessor
6 denies an existing claim for exemption, the assessor shall remove
7 the exemption of the property and, if the tax roll is in the
8 local tax collecting unit's possession, amend the tax roll to
9 reflect the denial and the local treasurer shall within 30 days
10 of the date of the denial issue a corrected tax bill for
11 previously unpaid taxes with interest at the rate of 1.25% per
12 month and penalties computed from the date the taxes were last
13 payable without interest or penalty. If the tax roll is in the
14 county treasurer's possession, the tax roll shall be amended to
15 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 and penalties computed from the date the taxes
19 were last payable without interest or penalty. Additional
20 interest on any tax set forth in a corrected or supplemental tax
21 bill shall begin to accrue 60 days after the date the corrected
22 or supplemental tax bill is issued at the rate of 1.25% per
23 month. Taxes levied in a corrected or supplemental tax bill
24 shall be returned as delinquent on the March 1 in the year
25 immediately succeeding the year in which the corrected or
26 supplemental tax bill is issued. If the assessor denies an
27 existing claim for exemption, the interest due shall be

1 distributed as provided in subsection (24). However, if the
2 property has been transferred to a bona fide purchaser before
3 additional taxes were billed to the seller as a result of the
4 denial of a claim for exemption, the taxes, interest, and
5 penalties shall not be a lien on the property and shall not be
6 billed to the bona fide purchaser, and the local tax collecting
7 unit if the local tax collecting unit has possession of the tax
8 roll or the county treasurer if the county has possession of the
9 tax roll shall notify the department of treasury of the amount of
10 tax due, interest, and penalties 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,
13 interest, and penalties 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
18 (24). The denial shall be made on a form prescribed by the
19 department of treasury. If the property for which the assessor
20 has denied a claim for exemption under this subsection is located
21 in a county in which the county treasurer or the county
22 equalization director have elected to audit exemptions under
23 subsection (10), the assessor shall notify the county treasurer
24 or the county equalization director of the denial under this
25 subsection.

26 (7) If the assessor of the local tax collecting unit believes
27 that the property for which the exemption is claimed is not the

1 principal residence of the owner claiming the exemption and has
2 not denied the claim, the assessor shall include a recommendation
3 for denial with any affidavit that is forwarded to the department
4 of treasury or, for an existing claim, shall send a
5 recommendation for denial to the department of treasury, stating
6 the reasons for the recommendation.

7 (8) The department of treasury shall determine if the
8 property is the principal residence of the owner claiming the
9 exemption. The department of treasury may review the validity of
10 exemptions for the current calendar year and for the 3
11 immediately preceding calendar years. If the department of
12 treasury determines that the property is not the principal
13 residence of the owner claiming the exemption, the department
14 shall send a notice of that determination to the local tax
15 collecting unit and to the owner of the property claiming the
16 exemption, indicating that the claim for exemption is denied,
17 stating the reason for the denial, and advising the owner
18 claiming the exemption of the right to appeal the determination
19 to the department of treasury and what those rights of appeal
20 are. The department of treasury may issue a notice denying a
21 claim if an owner fails to respond within 30 days of receipt of a
22 request for information from that department. An owner may
23 appeal the denial of a claim of exemption to the department of
24 treasury within 35 days of receipt of the notice of denial. An
25 appeal to the department of treasury shall be conducted according
26 to the provisions for an informal conference in section 21 of
27 1941 PA 122, MCL 205.21. Within 10 days after acknowledging an

1 appeal of a denial of a claim of exemption, the department of
2 treasury shall notify the assessor and the treasurer for the
3 county in which the property is located that an appeal has been
4 filed. Upon receipt of a notice that the department of treasury
5 has denied a claim for exemption, the assessor shall remove the
6 exemption of the property and, if the tax roll is in the local
7 tax collecting unit's possession, amend the tax roll to reflect
8 the denial and the local treasurer shall within 30 days of the
9 date of the denial issue a corrected tax bill for previously
10 unpaid taxes with interest at the rate of 1.25% per month and
11 penalties computed from the date the taxes were last payable
12 without interest and penalty. If the tax roll is in the county
13 treasurer's possession, the tax roll shall be amended to reflect
14 the denial and the county treasurer shall within 30 days of the
15 date of the denial prepare and submit a supplemental tax bill for
16 any additional taxes, together with interest at the rate of 1.25%
17 per month and penalties computed from the date the taxes were
18 last payable without interest or penalty. Additional interest on
19 any tax set forth in a corrected or supplemental tax bill shall
20 begin to accrue 60 days after the date the corrected or
21 supplemental tax bill is issued at the rate of 1.25% per month.
22 Taxes levied in a corrected or supplemental tax bill shall be
23 returned as delinquent on the March 1 in the year immediately
24 succeeding the year in which the corrected or supplemental tax
25 bill is issued. If the department of treasury denies an existing
26 claim for exemption, the interest due shall be distributed as
27 provided in subsection (24). However, if the property has been

1 transferred to a bona fide purchaser before additional taxes were
2 billed to the seller as a result of the denial of a claim for
3 exemption, the taxes, interest, and penalties shall not be a lien
4 on the property and shall not be billed to the bona fide
5 purchaser, and the local tax collecting unit if the local tax
6 collecting unit has possession of the tax roll or the county
7 treasurer if the county has possession of the tax roll shall
8 notify the department of treasury of the amount of tax due and
9 interest through the date of that notification. The department
10 of treasury shall then assess the owner who claimed the exemption
11 under this section for the tax and interest plus penalty accruing
12 as a result of the denial of the claim for exemption, if any, as
13 for unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31,
14 and shall deposit any tax or penalty collected into the state
15 school aid fund and shall distribute any interest collected as
16 provided in subsection (24).

17 (9) The department of treasury may enter into an agreement
18 regarding the implementation or administration of subsection (8)
19 with the assessor of any local tax collecting unit in a county
20 that has not elected to audit exemptions claimed under this
21 section as provided in subsection (10). The agreement may
22 specify that for a period of time, not to exceed 120 days, the
23 department of treasury will not deny an exemption identified by
24 the department of treasury in the list provided under subsection
25 (11).

26 (10) A county may elect to audit the exemptions claimed under
27 this section in all local tax collecting units located in that

1 county as provided in this subsection. The election to audit
2 exemptions shall be made by the county treasurer, or by the
3 county equalization director with the concurrence by resolution
4 of the county board of commissioners. The initial election to
5 audit exemptions shall require an audit period of 2 years.
6 Subsequent elections to audit exemptions shall be made every 2
7 years and shall require 2 annual audit periods. An election to
8 audit exemptions shall be made by submitting an election to audit
9 form to the assessor of each local tax collecting unit in that
10 county and to the department of treasury not later than October 1
11 in the year in which an election to audit is made. The election
12 to audit form required under this subsection shall be in a form
13 prescribed by the department of treasury. If a county elects to
14 audit the exemptions claimed under this section, the department
15 of treasury may continue to review the validity of exemptions as
16 provided in subsection (8). If a county does not elect to audit
17 the exemptions claimed under this section as provided in this
18 subsection, the department of treasury shall conduct an audit of
19 exemptions claimed under this section in the initial 2-year audit
20 period for each local tax collecting unit in that county unless
21 the department of treasury has entered into an agreement with the
22 assessor for that local tax collecting unit under subsection
23 (9).

24 (11) If a county elects to audit the exemptions claimed under
25 this section as provided in subsection (10) and the county
26 treasurer or his or her designee or the county equalization
27 director or his or her designee believes that the property for

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

1 reflect the denial and the county treasurer shall within 30 days
2 of the date of the denial prepare and submit a supplemental tax
3 bill for any additional taxes, together with interest at the rate
4 of 1.25% per month and penalties computed from the date the taxes
5 were last payable without interest or penalty. Additional
6 interest on any tax set forth in a corrected or supplemental tax
7 bill shall begin to accrue 60 days after the date the corrected
8 or supplemental tax bill is issued at the rate of 1.25% per
9 month. Taxes levied in a corrected or supplemental tax bill
10 shall be returned as delinquent on the March 1 in the year
11 immediately succeeding the year in which the corrected or
12 supplemental tax bill is issued. If the county treasurer or his
13 or her designee or the county equalization director or his or her
14 designee denies an existing claim for exemption, the interest due
15 shall be distributed as provided in subsection (24). However, if
16 the property has been transferred to a bona fide purchaser before
17 additional taxes were billed to the seller as a result of the
18 denial of a claim for exemption, the taxes, interest, and
19 penalties shall not be a lien on the property and shall not be
20 billed to the bona fide purchaser, and the local tax collecting
21 unit if the local tax collecting unit has possession of the tax
22 roll or the county treasurer if the county has possession of the
23 tax roll shall notify the department of treasury of the amount of
24 tax due and interest through the date of that notification. The
25 department of treasury shall then assess the owner who claimed
26 the exemption under this section for the tax and interest plus
27 penalty accruing as a result of the denial of the claim for

1 exemption, if any, as for unpaid taxes provided under 1941 PA
2 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty
3 collected into the state school aid fund and shall distribute any
4 interest collected as provided in subsection (24). The
5 department of treasury shall annually provide the county
6 treasurer or his or her designee or the county equalization
7 director or his or her designee a list of parcels of property
8 located in that county for which an exemption may be erroneously
9 claimed. The county treasurer or his or her designee or the
10 county equalization director or his or her designee shall forward
11 copies of the list provided by the department of treasury to each
12 assessor in each local tax collecting unit in that county within
13 10 days of receiving the list.

14 (12) If a county elects to audit exemptions claimed under
15 this section as provided in subsection (10), the county treasurer
16 or the county equalization director may enter into an agreement
17 with the assessor of a local tax collecting unit in that county
18 regarding the implementation or administration of this section.
19 The agreement may specify that for a period of time, not to
20 exceed 120 days, the county will not deny an exemption identified
21 by the department of treasury in the list provided under
22 subsection (11).

23 (13) An owner may appeal a denial by the assessor of the
24 local tax collecting unit under subsection (6), a final decision
25 of the department of treasury under subsection (8), or a denial
26 by the county treasurer or his or her designee or the county
27 equalization director or his or her designee under subsection

1 (11) to the residential and small claims division of the Michigan
2 tax tribunal within 35 days of that decision. An owner is not
3 required to pay the amount of tax in dispute in order to appeal a
4 denial of a claim of exemption to the department of treasury or
5 to receive a final determination of the residential and small
6 claims division of the Michigan tax tribunal. However, interest
7 at the rate of 1.25% per month and penalties shall accrue and be
8 computed from the date the taxes were last payable without
9 interest and penalty. If the residential and small claims
10 division of the Michigan tax tribunal grants an owner's appeal of
11 a denial and that owner has paid the interest due as a result of
12 a denial under subsection (6), (8), or (11), the interest
13 received after a distribution was made under subsection (24)
14 shall be refunded.

15 (14) For taxes levied after December 31, 2005, for each
16 county in which the county treasurer or the county equalization
17 director does not elect to audit the exemptions claimed under
18 this section as provided in subsection (10), the department of
19 treasury shall conduct an annual audit of exemptions claimed
20 under this section for the current calendar year.

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

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

1 section 7dd for the tax and interest plus penalty accruing, if
2 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
3 205.31, and shall deposit any tax, interest, or penalty collected
4 into the state school aid fund.

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

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

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

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

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

5 (20) An owner who owned and occupied a principal residence on
6 May 1 for taxes levied before January 1, ~~2004~~ 2005 and the tax
7 day as provided in section 2 for taxes levied after December 31,
8 ~~2003~~ 2004 for which the exemption was not on the tax roll may
9 file an appeal with the July board of review or December board of
10 review in the year for which the exemption was claimed or the
11 immediately succeeding 3 years. If an appeal of a claim for
12 exemption that was not on the tax roll is received not later than
13 5 days prior to the date of the December board of review, the
14 local tax collecting unit shall convene a December board of
15 review and consider the appeal pursuant to this section and
16 section 53b.

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

27 (22) 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
4 by the county treasurer if the county has possession of the tax
5 roll within 30 days of the date the exemption is granted. The
6 rebate shall be without interest.

7 (23) If an exemption under this section is erroneously
8 granted for an affidavit filed before October 1, 2003, an owner
9 may request in writing that the department of treasury withdraw
10 the exemption. The request to withdraw the exemption shall be
11 received not later than November 1, 2003. If an owner requests
12 that an exemption be withdrawn, the department of treasury shall
13 issue an order notifying the local assessor that the exemption
14 issued under this section has been denied based on the owner's
15 request. If an exemption is withdrawn, the property that had
16 been subject to that exemption shall be immediately placed on the
17 tax roll by the local tax collecting unit if the local tax
18 collecting unit has possession of the tax roll or by the county
19 treasurer if the county has possession of the tax roll as though
20 the exemption had not been granted. A corrected tax bill shall
21 be issued for the tax year being adjusted by the local tax
22 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. Unless a denial has been issued
25 prior to July 1, 2003, if an owner requests that an exemption
26 under this section be withdrawn and that owner pays the corrected
27 tax bill issued under this subsection within 30 days after the

1 corrected tax bill is issued, that owner is not liable for any
2 penalty or interest on the additional tax. An owner who pays a
3 corrected tax bill issued under this subsection more than 30 days
4 after the corrected tax bill is issued is liable for the
5 penalties and interest that would have accrued if the exemption
6 had not been granted from the date the taxes were originally
7 levied.

8 (24) Subject to subsection (25), interest at the rate of
9 1.25% per month collected under subsection (6), (8), or (11)
10 shall be distributed as follows:

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

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

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

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

16 (b) If the department of treasury denies the exemption this
17 section, as follows:

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

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

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

21 (c) If the county treasurer or his or her designee or the
22 county equalization director or his or her designee denies the
23 exemption under this section, as follows:

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

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

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

27 (25) Interest distributed under subsection (24) is subject to

1 the following conditions:

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

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

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

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

1 with the local tax collecting unit in which the cooperative
2 housing corporation is located if filed on or before May 1 for
3 taxes levied before January 1, ~~2004~~ 2005 and the tax day as
4 provided in section 2 for taxes levied after December 31, ~~2003~~
5 2004:

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
15 the 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 (28) 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
24 fraction of a school district within the county for the preceding
25 4 calendar years. This requirement is in addition to the
26 requirement set forth in section 151 of the state school aid act
27 of 1979, 1979 PA 94, MCL 388.1751.

1 Sec. 7ee. (1) Qualified agricultural property is exempt
2 from the tax levied by a local school district for school
3 operating purposes to the extent provided under section 1211 of
4 the revised school code, 1976 PA 451, MCL 380.1211, according to
5 the provisions of this section.

6 (2) Qualified agricultural property that is classified as
7 agricultural under section 34c is exempt under subsection (1) and
8 the owner is not required to file an affidavit claiming an
9 exemption with the local tax collecting unit unless requested by
10 the assessor to determine whether the property includes
11 structures that are not exempt under this section. To claim an
12 exemption under subsection (1) for qualified agricultural
13 property that is not classified as agricultural under section
14 34c, the owner shall file an affidavit claiming the exemption
15 with the local tax collecting unit by May 1 for taxes levied
16 before January 1, ~~2004~~ 2005 and the tax day as provided in
17 section 2 for taxes levied after December 31, ~~2003~~ 2004.

18 (3) The affidavit shall be on a form prescribed by the
19 department of treasury.

20 (4) For property classified as agricultural, and upon receipt
21 of an affidavit filed under subsection (2) for property not
22 classified as agricultural, the assessor shall determine if the
23 property is qualified agricultural property and if so shall
24 exempt the property from the collection of the tax as provided in
25 subsection (1) until December 31 of the year in which the
26 property is no longer qualified agricultural property as defined
27 in section 7dd. An owner is required to file a new claim for

1 exemption on the same property as requested by the assessor under
2 subsection (2).

3 (5) Not more than 90 days after all or a portion of the
4 exempted property is no longer qualified agricultural property,
5 the owner shall rescind the exemption for the applicable portion
6 of the property by filing with the local tax collecting unit a
7 rescission form prescribed by the department of treasury. An
8 owner who fails to file a rescission as required by this
9 subsection is subject to a penalty of \$5.00 per day for each
10 separate failure beginning after the 90 days have elapsed, up to
11 a maximum of \$200.00. This penalty shall be collected under 1941
12 PA 122, MCL 205.1 to 205.31, and shall be deposited in the state
13 school aid fund established in section 11 of article IX of the
14 state constitution of 1963. This penalty may be waived by the
15 department of treasury.

16 (6) An owner of property that is qualified agricultural
17 property on May 1 for taxes levied before January 1, ~~2004~~ 2005
18 and the tax day as provided in section 2 for taxes levied after
19 December 31, ~~2003~~ 2004 for which an exemption was not on the
20 tax roll may file an appeal with the July or December board of
21 review in the year the exemption was claimed or the immediately
22 succeeding year. An owner of property that is qualified
23 agricultural property on May 1 for taxes levied before January 1,
24 ~~2004~~ 2005 and the tax day as provided in section 2 for taxes
25 levied after December 31, ~~2003~~ 2004 for which an exemption was
26 denied by the assessor in the year the affidavit was filed, may
27 file an appeal with the July board of review for summer taxes or,

1 if there is not a summer levy of school operating taxes, with the
2 December board of review.

3 (7) If the assessor of the local tax collecting unit believes
4 that the property for which an exemption has been granted is not
5 qualified agricultural property, the assessor may deny or modify
6 an existing exemption by notifying the owner in writing at the
7 time required for providing a notice under section 24c. A
8 taxpayer may appeal the assessor's determination to the board of
9 review meeting under section 30. A decision of the board of
10 review may be appealed to the residential and small claims
11 division of the Michigan tax tribunal.

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

1 before that owner is contacted in writing by the local assessor
2 regarding that owner's eligibility for the exemption and that
3 owner pays the corrected tax bill issued under this subsection
4 within 30 days after the corrected tax bill is issued, that owner
5 is not liable for any penalty or interest on the additional tax.
6 An owner who pays a corrected tax bill issued under this
7 subsection more than 30 days after the corrected tax bill is
8 issued is liable for the penalties and interest that would have
9 accrued if the exemption had not been granted from the date the
10 taxes were originally levied.

11 Sec. 24c. (1) The assessor shall give to each owner or
12 person or persons listed on the assessment roll of the property a
13 notice by first-class mail of an increase in the tentative state
14 equalized valuation or the tentative taxable value for the year.
15 The notice shall specify each parcel of property, the tentative
16 taxable value for the current year, and the taxable value for the
17 immediately preceding year. The notice shall also specify the
18 time and place of the meeting of the board of review. The notice
19 shall also specify the difference between the property's
20 tentative taxable value in the current year and the property's
21 taxable value in the immediately preceding year.

22 (2) The notice shall include, in addition to the information
23 required by subsection (1), all of the following:

24 (a) The state equalized valuation for the immediately
25 preceding year.

26 (b) The tentative state equalized valuation for the current
27 year.

1 (c) The net change between the tentative state equalized
2 valuation for the current year and the state equalized valuation
3 for the immediately preceding year.

4 (d) The classification of the property as defined by section
5 34c.

6 (e) The inflation rate for the immediately preceding year as
7 defined in section 34d.

8 (f) A statement provided by the state tax commission
9 explaining the relationship between state equalized valuation and
10 taxable value. If the assessor believes that a transfer of
11 ownership has occurred in the immediately preceding year, the
12 statement shall state that the ownership was transferred and that
13 the taxable value of that property is the same as the state
14 equalized valuation of that property.

15 (3) When required by the income tax act of 1967, 1967 PA 281,
16 MCL 206.1 to 206.532, the assessment notice shall include or be
17 accompanied by information or forms prescribed by the income tax
18 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

19 (4) The assessment notice shall be addressed to the owner
20 according to the records of the assessor and mailed not less than
21 10 days before the meeting of the board of review. The failure
22 to send or receive an assessment notice does not invalidate an
23 assessment roll or an assessment on that property.

24 (5) The tentative state equalized valuation shall be
25 calculated by multiplying the assessment by the tentative
26 equalized valuation multiplier. If the assessor has made
27 assessment adjustments that would have changed the tentative

1 multiplier, the assessor may recalculate the multiplier for use
2 in the notice.

3 (6) The state tax commission shall prepare a model assessment
4 notice form that shall be made available to local units of
5 government.

6 (7) Beginning in 1995 through ~~2003~~ **2004**, the assessment
7 notice under subsection (1) shall include the following
8 statement:

9 "If you purchased your homestead after May 1 last
10 year, to claim the homestead exemption, if you have
11 not already done so, you are required to file an
12 affidavit before May 1."

13 (8) Beginning in ~~2004~~ **2005**, the assessment notice under
14 subsection (1) shall include the following statement:

15 "If you purchased your principal residence after
16 December 31 last year, to claim the principal
17 residence exemption for next year, if you have not
18 already done so, you are required to file an
19 affidavit on or before December 31 this year."

20 (9) For taxes levied after December 31, 2003, the assessment
21 notice under subsection (1) shall separately state the state
22 equalized valuation and taxable value for any leasehold
23 improvements.