

HOUSE BILL No. 4517

March 5, 2009, Introduced by Reps. Stamas, Moore, Horn, Paul Scott, Rocca, Meltzer, Lund, Knollenberg, Pearce, McMillin, Wayne Schmidt, Hansen, Haveman, Durhal, Agema, Slezak, Meekhof, Walsh, Calley, Rogers, Mayes, Genetski and Kowall and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
 "The general property tax act,"
 by amending section 7cc (MCL 211.7cc), as amended by 2008 PA 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

9 (2) Except as otherwise provided in subsection (5), an owner
 10 of property may claim 1 exemption under this section by filing an
 11 affidavit ~~on or before May 1~~ with the local tax collecting unit in

1 which the property is located **ON OR BEFORE MAY 1 FOR TAXES LEVIED**
2 **BEFORE JANUARY 1, 2009 OR, FOR TAXES LEVIED AFTER DECEMBER 31,**
3 **2008, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**
4 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**
5 **LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE**
6 **NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL**
7 **DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE**
8 **NUMBER OF DAYS IN THAT TAX YEAR.** The affidavit shall state that the
9 property is owned and occupied as a principal residence by that
10 owner of the property on the date that the affidavit is signed. The
11 affidavit shall be on a form prescribed by the department of
12 treasury. One copy of the affidavit shall be retained by the owner,
13 1 copy shall be retained by the local tax collecting unit until any
14 appeal or audit period under this act has expired, and 1 copy shall
15 be forwarded to the department of treasury pursuant to subsection
16 (4), together with all information submitted under subsection (26)
17 for a cooperative housing corporation. The affidavit shall require
18 the owner claiming the exemption to indicate if that owner or that
19 owner's spouse has claimed another exemption on property in this
20 state that is not rescinded or a substantially similar exemption,
21 deduction, or credit on property in another state that is not
22 rescinded. If the affidavit requires an owner to include a social
23 security number, that owner's number is subject to the disclosure
24 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of
25 property filed an affidavit for an exemption under this section
26 before January 1, 2004, that affidavit shall be considered the
27 affidavit required under this subsection for a principal residence

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

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

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

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

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

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

25 (e) That person has previously rescinded an exemption under
26 this section for the same property for which an exemption is now
27 claimed and there has not been a transfer of ownership of that

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

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

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

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

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

1 that property is not occupied, is for sale, is not leased, and is
2 not used for any business or commercial purpose by filing a
3 conditional rescission form prescribed by the department of
4 treasury on or before May 1 with the local tax collecting unit.
5 Property is eligible for a conditional rescission if that property
6 is available for lease and all other conditions under this
7 subsection are met. A copy of the conditional rescission form shall
8 be forwarded to the department of treasury according to a schedule
9 prescribed by the department of treasury. An owner who files a
10 conditional rescission form shall annually verify to the assessor
11 of the local tax collecting unit on or before December 31 that the
12 property for which the principal residence exemption is retained is
13 not occupied, is for sale, is not leased, and is not used for any
14 business or commercial purpose. If an owner does not annually
15 verify by December 31 that the property for which the principal
16 residence exemption is retained is not occupied, is for sale, is
17 not leased, and is not used for any business or commercial purpose,
18 the assessor of the local tax collecting unit shall deny the
19 principal residence exemption on that property. If property subject
20 to a conditional rescission is leased, the local tax collecting
21 unit shall deny that conditional rescission and that denial is
22 retroactive and is effective on December 31 of the year immediately
23 preceding the year in which the property subject to the conditional
24 rescission is leased. An owner who fails to file a rescission as
25 required by this subsection is subject to a penalty of \$5.00 per
26 day for each separate failure beginning after the 90 days have
27 elapsed, up to a maximum of \$200.00. This penalty shall be

1 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
2 deposited in the state school aid fund established in section 11 of
3 article IX of the state constitution of 1963. This penalty may be
4 waived by the department of treasury.

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

1 per month or fraction of a month and penalties computed from the
2 date the taxes were last payable without interest or penalty.
3 Interest on any tax set forth in a corrected or supplemental tax
4 bill shall again begin to accrue 60 days after the date the
5 corrected or supplemental tax bill is issued at the rate of 1.25%
6 per month or fraction of a month. Taxes levied in a corrected or
7 supplemental tax bill shall be returned as delinquent on the March
8 1 in the year immediately succeeding the year in which the
9 corrected or supplemental tax bill is issued. If the assessor
10 denies an existing claim for exemption, the interest due shall be
11 distributed as provided in subsection (23). However, if the
12 property has been transferred to a bona fide purchaser before
13 additional taxes were billed to the seller as a result of the
14 denial of a claim for exemption, the taxes, interest, and penalties
15 shall not be a lien on the property and shall not be billed to the
16 bona fide purchaser, and the local tax collecting unit if the local
17 tax collecting unit has possession of the tax roll or the county
18 treasurer if the county has possession of the tax roll shall notify
19 the department of treasury of the amount of tax due, interest, and
20 penalties through the date of that notification. The department of
21 treasury shall then assess the owner who claimed the exemption
22 under this section for the tax, interest, and penalties accruing as
23 a result of the denial of the claim for exemption, if any, as for
24 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
25 shall deposit any tax or penalty collected into the state school
26 aid fund and shall distribute any interest collected as provided in
27 subsection (23). The denial shall be made on a form prescribed by

1 the department of treasury. If the property for which the assessor
2 has denied a claim for exemption under this subsection is located
3 in a county in which the county treasurer or the county
4 equalization director have elected to audit exemptions under
5 subsection (10), the assessor shall notify the county treasurer or
6 the county equalization director of the denial under this
7 subsection.

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

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

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

1 supplemental tax bill shall again begin to accrue 60 days after the
2 date the corrected or supplemental tax bill is issued at the rate
3 of 1.25% per month or fraction of a month. Taxes levied in a
4 corrected or supplemental tax bill shall be returned as delinquent
5 on the March 1 in the year immediately succeeding the year in which
6 the corrected or supplemental tax bill is issued. If the department
7 of treasury denies an existing claim for exemption, the interest
8 due shall be distributed as provided in subsection (23). However,
9 if the property has been transferred to a bona fide purchaser
10 before additional taxes were billed to the seller as a result of
11 the denial of a claim for exemption, the taxes, interest, and
12 penalties shall not be a lien on the property and shall not be
13 billed to the bona fide purchaser, and the local tax collecting
14 unit if the local tax collecting unit has possession of the tax
15 roll or the county treasurer if the county has possession of the
16 tax roll shall notify the department of treasury of the amount of
17 tax due and interest through the date of that notification. The
18 department of treasury shall then assess the owner who claimed the
19 exemption under this section for the tax and interest plus penalty
20 accruing as a result of the denial of the claim for exemption, if
21 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
22 205.31, and shall deposit any tax or penalty collected into the
23 state school aid fund and shall distribute any interest collected
24 as provided in subsection (23).

25 (9) The department of treasury may enter into an agreement
26 regarding the implementation or administration of subsection (8)
27 with the assessor of any local tax collecting unit in a county that

1 has not elected to audit exemptions claimed under this section as
2 provided in subsection (10). The agreement may specify that for a
3 period of time, not to exceed 120 days, the department of treasury
4 will not deny an exemption identified by the department of treasury
5 in the list provided under subsection (11).

6 (10) A county may elect to audit the exemptions claimed under
7 this section in all local tax collecting units located in that
8 county as provided in this subsection. The election to audit
9 exemptions shall be made by the county treasurer, or by the county
10 equalization director with the concurrence by resolution of the
11 county board of commissioners. The initial election to audit
12 exemptions shall require an audit period of 2 years. Before 2009,
13 subsequent elections to audit exemptions shall be made every 2
14 years and shall require 2 annual audit periods. Beginning in 2009,
15 an election to audit exemptions shall be made every 5 years and
16 shall require 5 annual audit periods. An election to audit
17 exemptions shall be made by submitting an election to audit form to
18 the assessor of each local tax collecting unit in that county and
19 to the department of treasury not later than April 1 preceding the
20 October 1 in the year in which an election to audit is made. The
21 election to audit form required under this subsection shall be in a
22 form prescribed by the department of treasury. If a county elects
23 to audit the exemptions claimed under this section, the department
24 of treasury may continue to review the validity of exemptions as
25 provided in subsection (8). If a county does not elect to audit the
26 exemptions claimed under this section as provided in this
27 subsection, the department of treasury shall conduct an audit of

1 exemptions claimed under this section in the initial 2-year audit
2 period for each local tax collecting unit in that county unless the
3 department of treasury has entered into an agreement with the
4 assessor for that local tax collecting unit under subsection (9).

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

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

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

22 (12) If a county elects to audit exemptions claimed under this
23 section as provided in subsection (10), the county treasurer or the
24 county equalization director may enter into an agreement with the
25 assessor of a local tax collecting unit in that county regarding
26 the implementation or administration of this section. The agreement
27 may specify that for a period of time, not to exceed 120 days, the

1 county will not deny an exemption identified by the department of
2 treasury in the list provided under subsection (11).

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

21 (14) For taxes levied after December 31, 2005, for each county
22 in which the county treasurer or the county equalization director
23 does not elect to audit the exemptions claimed under this section
24 as provided in subsection (10), the department of treasury shall
25 conduct an annual audit of exemptions claimed under this section
26 for the current calendar year.

27 (15) Except as otherwise provided in subsection (5), an

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

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

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

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

27 (19) An owner who owned and occupied a principal residence on

1 May 1 for which the exemption was not on the tax roll may file an
2 appeal with the July board of review or December board of review in
3 the year for which the exemption was claimed or the immediately
4 succeeding 3 years. If an appeal of a claim for exemption that was
5 not on the tax roll is received not later than 5 days prior to the
6 date of the December board of review, the local tax collecting unit
7 shall convene a December board of review and consider the appeal
8 pursuant to this section and section 53b. For the 2008 tax year
9 only, an owner of property eligible for a conditional rescission
10 under subsection (5) who did not file a conditional rescission form
11 prescribed by the department of treasury with the local tax
12 collecting unit on or before May 1, 2008 may file an appeal with
13 the 2008 July board of review or 2008 December board of review to
14 claim a conditional rescission for the 2008 tax year.

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

25 (21) If granting the exemption under this section results in
26 an overpayment of the tax, a rebate, including any interest paid,
27 shall be made to the taxpayer by the local tax collecting unit if

1 the local tax collecting unit has possession of the tax roll or by
2 the county treasurer if the county has possession of the tax roll
3 within 30 days of the date the exemption is granted. The rebate
4 shall be without interest.

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

1 than 30 days after the corrected tax bill is issued is liable for
2 the penalties and interest that would have accrued if the exemption
3 had not been granted from the date the taxes were originally
4 levied.

5 (23) Subject to subsection (24), interest at the rate of 1.25%
6 per month or fraction of a month collected under subsection (6),
7 (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

18 (c) If the county treasurer or his or her designee or the
19 county equalization director or his or her designee denies the
20 exemption under this section, as follows:

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

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

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

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

26 (a) Interest distributed to a county shall be deposited into a
27 restricted fund to be used solely for the administration of

1 exemptions under this section. Money in that restricted fund shall
2 lapse to the county general fund on the December 31 in the year 3
3 years after the first distribution of interest to the county under
4 subsection (23) and on each succeeding December 31 thereafter.

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

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

20 (26) A cooperative housing corporation is entitled to a full
21 or partial exemption under this section for the tax year in which
22 the cooperative housing corporation files all of the following with
23 the local tax collecting unit in which the cooperative housing
24 corporation is located if filed on or before May 1 **FOR TAXES LEVIED**
25 **BEFORE JANUARY 1, 2009, OR, FOR TAXES LEVIED AFTER DECEMBER 31,**
26 **2008, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**
27 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**

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

5 (a) An affidavit form.

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

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

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

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

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

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

4 (a) Add all of the following:

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

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

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

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

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

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

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

27 (30) As used in this section:

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

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

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

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

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