

**SUBSTITUTE FOR  
SENATE BILL NO. 990**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 7cc and 7dd (MCL 211.7cc and 211.7dd), section  
7cc as amended by 2012 PA 114 and section 7dd as amended by 2011 PA  
320.

**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 (26) 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21 rescinded or a substantially similar exemption, deduction, or  
22 credit on property in another state that is not rescinded.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 on or before May 1  
6 with the local tax collecting unit. Beginning in the 2012 tax year,  
7 subject to the payment requirement set forth in this subsection, if  
8 a land contract vendor, bank, credit union, or other lending  
9 institution owns property as a result of having foreclosed on that  
10 property and that property had been exempt under this section  
11 immediately preceding the foreclosure, that land contract vendor,  
12 bank, credit union, or other lending institution may retain an  
13 exemption on that property under this section if that property is  
14 not occupied, is for sale, is not leased to any person other than  
15 the person who claimed the exemption under this section immediately  
16 preceding the foreclosure, and is not used for any business or  
17 commercial purpose. A land contract vendor, bank, credit union, or  
18 other lending institution may claim an exemption under this  
19 subsection by filing a conditional rescission form prescribed by  
20 the department of treasury with the local tax collecting unit  
21 within the time period prescribed in subsection (2). Property is  
22 eligible for a conditional rescission if that property is available  
23 for lease and all other conditions under this subsection are met. A  
24 copy of a conditional rescission form shall be forwarded to the  
25 department of treasury according to a schedule prescribed by the  
26 department of treasury. An owner or a land contract vendor, bank,  
27 credit union, or other lending institution that files a conditional

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

1 vendor, bank, credit union, or other lending institution shall pay  
2 an amount equal to the amount that land contract vendor, bank,  
3 credit union, or other lending institution would have paid under  
4 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211,  
5 if an exemption had not been retained on that property, together  
6 with an administration fee equal to the property tax administration  
7 fee imposed under section 44. The payment required under this  
8 subsection shall be collected by the local tax collecting unit at  
9 the same time and in the same manner as taxes collected under this  
10 act. The administration fee shall be retained by the local tax  
11 collecting unit. The amount collected that the land contract  
12 vendor, bank, credit union, or other lending institution would have  
13 paid under section 1211 of the revised school code, 1976 PA 451,  
14 MCL 380.1211, if an exemption had not been retained on that  
15 property shall be distributed to the department of treasury for  
16 deposit into the state school aid fund established in section 11 of  
17 article IX of the state constitution of 1963. If a land contract  
18 vendor, bank, credit union, or other lending institution transfers  
19 ownership of property for which an exemption is retained under this  
20 subsection, that land contract vendor, bank, credit union, or other  
21 lending institution shall rescind the exemption as provided in this  
22 section and shall notify the treasurer of the local tax collecting  
23 unit of that transfer of ownership. If a land contract vendor,  
24 bank, credit union, or other lending institution fails to make the  
25 payment required under this subsection for any property, the local  
26 tax collecting unit shall deny that conditional rescission and that  
27 denial is retroactive and is effective on December 31 of the

1 immediately preceding year. If the local tax collecting unit denies  
2 a conditional rescission, the local tax collecting unit shall  
3 remove the exemption of the property and any additional taxes,  
4 penalties, and interest shall be collected as provided in this  
5 section. **A PERSON WHO PREVIOUSLY OCCUPIED A PROPERTY AS HIS OR HER  
6 PRINCIPAL RESIDENCE BUT NOW RESIDES IN A NURSING HOME OR ASSISTED  
7 LIVING FACILITY MAY RETAIN AN EXEMPTION ON THE PROPERTY IF THE  
8 OWNER MANIFESTS AN INTENT TO RETURN TO THE PROPERTY BY SATISFYING  
9 ALL OF THE FOLLOWING CONDITIONS:**

10 (A) THE OWNER CONTINUES TO OWN THE PROPERTY WHILE RESIDING IN  
11 THE NURSING HOME OR ASSISTED LIVING FACILITY.

12 (B) THE OWNER HAS NOT ESTABLISHED A NEW PRINCIPAL RESIDENCE.

13 (C) THE OWNER MAINTAINS OR PROVIDES FOR THE MAINTENANCE OF THE  
14 PROPERTY WHILE RESIDING IN THE NURSING HOME OR ASSISTED LIVING  
15 FACILITY.

16 (D) THE PROPERTY IS NOT OCCUPIED, IS NOT FOR SALE, IS NOT  
17 LEASED, AND IS NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE.

18 (6) Except as otherwise provided in subsection (5), if the  
19 assessor of the local tax collecting unit believes that the  
20 property for which an exemption is claimed is not the principal  
21 residence of the owner claiming the exemption, the assessor may  
22 deny a new or existing claim by notifying the owner and the  
23 department of treasury in writing of the reason for the denial and  
24 advising the owner that the denial may be appealed to the  
25 residential and small claims division of the Michigan tax tribunal  
26 within 35 days after the date of the notice. The assessor may deny  
27 a claim for exemption for the current year and for the 3



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

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

21 (7) If the assessor of the local tax collecting unit believes  
22 that the property for which the exemption is claimed is not the  
23 principal residence of the owner claiming the exemption and has not  
24 denied the claim, the assessor shall include a recommendation for  
25 denial with any affidavit that is forwarded to the department of  
26 treasury or, for an existing claim, shall send a recommendation for  
27 denial to the department of treasury, stating the reasons for the

1 recommendation.

2       (8) The department of treasury shall determine if the property  
3 is the principal residence of the owner claiming the exemption. The  
4 department of treasury may review the validity of exemptions for  
5 the current calendar year and for the 3 immediately preceding  
6 calendar years. Except as otherwise provided in subsection (5), if  
7 the department of treasury determines that the property is not the  
8 principal residence of the owner claiming the exemption, the  
9 department shall send a notice of that determination to the local  
10 tax collecting unit and to the owner of the property claiming the  
11 exemption, indicating that the claim for exemption is denied,  
12 stating the reason for the denial, and advising the owner claiming  
13 the exemption of the right to appeal the determination to the  
14 department of treasury and what those rights of appeal are. The  
15 department of treasury may issue a notice denying a claim if an  
16 owner fails to respond within 30 days of receipt of a request for  
17 information from that department. An owner may appeal the denial of  
18 a claim of exemption to the department of treasury within 35 days  
19 of receipt of the notice of denial. An appeal to the department of  
20 treasury shall be conducted according to the provisions for an  
21 informal conference in section 21 of 1941 PA 122, MCL 205.21.  
22 Within 10 days after acknowledging an appeal of a denial of a claim  
23 of exemption, the department of treasury shall notify the assessor  
24 and the treasurer for the county in which the property is located  
25 that an appeal has been filed. Upon receipt of a notice that the  
26 department of treasury has denied a claim for exemption, the  
27 assessor shall remove the exemption of the property and, if the tax

1 roll is in the local tax collecting unit's possession, amend the  
2 tax roll to reflect the denial and the local treasurer shall within  
3 30 days of the date of the denial issue a corrected tax bill for  
4 any additional taxes with interest at the rate of 1.25% per month  
5 or fraction of a month and penalties computed from the date the  
6 taxes were last payable without interest and penalty. If the tax  
7 roll is in the county treasurer's possession, the tax roll shall be  
8 amended to reflect the denial and the county treasurer shall within  
9 30 days of the date of the denial prepare and submit a supplemental  
10 tax bill for any additional taxes, together with interest at the  
11 rate of 1.25% per month or fraction of a month and penalties  
12 computed from the date the taxes were last payable without interest  
13 or penalty. Interest on any tax set forth in a corrected or  
14 supplemental tax bill shall again begin to accrue 60 days after the  
15 date the corrected or supplemental tax bill is issued at the rate  
16 of 1.25% per month or fraction of a month. The department of  
17 treasury may waive interest on any tax set forth in a corrected or  
18 supplemental tax bill for the current tax year and the immediately  
19 preceding 3 tax years if the assessor of the local tax collecting  
20 unit files with the department of treasury a sworn affidavit in a  
21 form prescribed by the department of treasury stating that the tax  
22 set forth in the corrected or supplemental tax bill is a result of  
23 the assessor's classification error or other error or the  
24 assessor's failure to rescind the exemption after the owner  
25 requested in writing that the exemption be rescinded. Taxes levied  
26 in a corrected or supplemental tax bill shall be returned as  
27 delinquent on the March 1 in the year immediately succeeding the

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

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

(10) A county may elect to audit the exemptions claimed under this section in all local tax collecting units located in that county as provided in this subsection. The election to audit exemptions shall be made by the county treasurer, or by the county equalization director with the concurrence by resolution of the county board of commissioners. The initial election to audit exemptions shall require an audit period of 2 years. Before 2009, subsequent elections to audit exemptions shall be made every 2 years and shall require 2 annual audit periods. Beginning in 2009, an election to audit exemptions shall be made every 5 years and shall require 5 annual audit periods. An election to audit exemptions shall be made by submitting an election to audit form to the assessor of each local tax collecting unit in that county and to the department of treasury not later than April 1 preceding the October 1 in the year in which an election to audit is made. The election to audit form required under this subsection shall be in a form prescribed by the department of treasury. If a county elects to audit the exemptions claimed under this section, the department of treasury may continue to review the validity of exemptions as provided in subsection (8). If a county does not elect to audit the exemptions claimed under this section as provided in this subsection, the department of treasury shall conduct an audit of exemptions claimed under this section in the initial 2-year audit period for each local tax collecting unit in that county unless the department of treasury has entered into an agreement with the assessor for that local tax collecting unit under subsection (9).

(11) If a county elects to audit the exemptions claimed under

1 this section as provided in subsection (10) and the county  
2 treasurer or his or her designee or the county equalization  
3 director or his or her designee believes that the property for  
4 which an exemption is claimed is not the principal residence of the  
5 owner claiming the exemption, the county treasurer or his or her  
6 designee or the county equalization director or his or her designee  
7 may, except as otherwise provided in subsection (5), deny an  
8 existing claim by notifying the owner, the assessor of the local  
9 tax collecting unit, and the department of treasury in writing of  
10 the reason for the denial and advising the owner that the denial  
11 may be appealed to the residential and small claims division of the  
12 Michigan tax tribunal within 35 days after the date of the notice.  
13 The county treasurer or his or her designee or the county  
14 equalization director or his or her designee may deny a claim for  
15 exemption for the current year and for the 3 immediately preceding  
16 calendar years. If the county treasurer or his or her designee or  
17 the county equalization director or his or her designee denies an  
18 existing claim for exemption, the county treasurer or his or her  
19 designee or the county equalization director or his or her designee  
20 shall direct the assessor of the local tax collecting unit in which  
21 the property is located to remove the exemption of the property  
22 from the assessment roll and, if the tax roll is in the local tax  
23 collecting unit's possession, direct the assessor of the local tax  
24 collecting unit to amend the tax roll to reflect the denial and the  
25 treasurer of the local tax collecting unit shall within 30 days of  
26 the date of the denial issue a corrected tax bill for any  
27 additional taxes with interest at the rate of 1.25% per month or

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



1 notification. The department of treasury shall then assess the  
2 owner who claimed the exemption under this section for the tax and  
3 interest plus penalty accruing as a result of the denial of the  
4 claim for exemption, if any, as for unpaid taxes provided under  
5 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
6 penalty collected into the state school aid fund and shall  
7 distribute any interest collected as provided in subsection (23).  
8 The department of treasury shall annually provide the county  
9 treasurer or his or her designee or the county equalization  
10 director or his or her designee a list of parcels of property  
11 located in that county for which an exemption may be erroneously  
12 claimed. The county treasurer or his or her designee or the county  
13 equalization director or his or her designee shall forward copies  
14 of the list provided by the department of treasury to each assessor  
15 in each local tax collecting unit in that county within 10 days of  
16 receiving the list.

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

25 (13) An owner may appeal a denial by the assessor of the local  
26 tax collecting unit under subsection (6), a final decision of the  
27 department of treasury under subsection (8), or a denial by the

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

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

22 (15) Except as otherwise provided in subsection (5), an  
23 affidavit filed by an owner for the exemption under this section  
24 rescinds all previous exemptions filed by that owner for any other  
25 property. The department of treasury shall notify the assessor of  
26 the local tax collecting unit in which the property for which a  
27 previous exemption was claimed is located if the previous exemption

1 is rescinded by the subsequent affidavit. When an exemption is  
2 rescinded, the assessor of the local tax collecting unit shall  
3 remove the exemption effective December 31 of the year in which the  
4 affidavit was filed that rescinded the exemption. For any year for  
5 which the rescinded exemption has not been removed from the tax  
6 roll, the exemption shall be denied as provided in this section.  
7 However, interest and penalty shall not be imposed for a year for  
8 which a rescission form has been timely filed under subsection (5).

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

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

23 (18) The department of treasury shall make available the  
24 affidavit forms and the forms to rescind an exemption, which may be  
25 on the same form, to all city and township assessors, county  
26 equalization officers, county registers of deeds, and closing  
27 agents. A person who prepares a closing statement for the sale of

1 property shall provide affidavit and rescission forms to the buyer  
2 and seller at the closing and, if requested by the buyer or seller  
3 after execution by the buyer or seller, shall file the forms with  
4 the local tax collecting unit in which the property is located. If  
5 a closing statement preparer fails to provide exemption affidavit  
6 and rescission forms to the buyer and seller, or fails to file the  
7 affidavit and rescission forms with the local tax collecting unit  
8 if requested by the buyer or seller, the buyer may appeal to the  
9 department of treasury within 30 days of notice to the buyer that  
10 an exemption was not recorded. If the department of treasury  
11 determines that the buyer qualifies for the exemption, the  
12 department of treasury shall notify the assessor of the local tax  
13 collecting unit that the exemption is granted and the assessor of  
14 the local tax collecting unit or, if the tax roll is in the  
15 possession of the county treasurer, the county treasurer shall  
16 correct the tax roll to reflect the exemption. This subsection does  
17 not create a cause of action at law or in equity against a closing  
18 statement preparer who fails to provide exemption affidavit and  
19 rescission forms to a buyer and seller or who fails to file the  
20 affidavit and rescission forms with the local tax collecting unit  
21 when requested to do so by the buyer or seller.

22 (19) An owner who owned and occupied a principal residence on  
23 May 1 for which the exemption was not on the tax roll may file an  
24 appeal with the July board of review or December board of review in  
25 the year for which the exemption was claimed or the immediately  
26 succeeding 3 years. If an appeal of a claim for exemption that was  
27 not on the tax roll is received not later than 5 days prior to the

1 date of the December board of review, the local tax collecting unit  
2 shall convene a December board of review and consider the appeal  
3 pursuant to this section and section 53b. For the 2008 tax year  
4 only, an owner of property eligible for a conditional rescission  
5 under subsection (5) who did not file a conditional rescission form  
6 prescribed by the department of treasury with the local tax  
7 collecting unit on or before May 1, 2008 may file an appeal with  
8 the 2008 July board of review or 2008 December board of review to  
9 claim a conditional rescission for the 2008 tax year. For the 2008  
10 and 2009 tax years only, an owner of property classified as timber-  
11 cutover real property adjoining or contiguous to that owner's  
12 principal residence who did not claim an exemption for the property  
13 classified as timber-cutover real property under this section  
14 before May 1, 2009 or whose claim for exemption under this section  
15 for that property classified as timber-cutover real property was  
16 denied before May 1, 2009 may file an appeal with the 2009 December  
17 board of review or the 2010 July board of review to claim an  
18 exemption under this section for that property classified as  
19 timber-cutover real property for the 2008 and 2009 tax years.

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

1 treasury shall grant the exemption and the tax roll shall be  
2 amended to reflect the exemption.

3 (21) If granting the exemption under this section results in  
4 an overpayment of the tax, a rebate, including any interest paid,  
5 shall be made to the taxpayer by the local tax collecting unit if  
6 the local tax collecting unit has possession of the tax roll or by  
7 the county treasurer if the county has possession of the tax roll  
8 within 30 days of the date the exemption is granted. The rebate  
9 shall be without interest. If an exemption for property classified  
10 as timber-cutover real property is granted under this section for  
11 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
12 delinquent and unpaid penalty, interest, and tax resulting from  
13 that property not having been exempt under this section for the  
14 2008 or 2009 tax year shall be waived.

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

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

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

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

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

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

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

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

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

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

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

1 (c) If the county treasurer or his or her designee or the  
2 county equalization director or his or her designee denies the  
3 exemption under this section, as follows:

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

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

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

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

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

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

27 (25) Interest distributed under subsection (23) is in addition



1 to and shall not affect the levy or collection of the county  
2 property tax administration fee established under this act.

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

8 (a) An affidavit form.

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

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

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

23 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
24 of each county shall forward to the department of education a  
25 statement of the taxable value of each school district and fraction  
26 of a school district within the county for the preceding 4 calendar  
27 years. This requirement is in addition to the requirement set forth

1 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
2 388.1751.

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

7 (a) Add all of the following:

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

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

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

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

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

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

25 (29) The owner claiming an exemption under this section for  
26 property open and available as a bed and breakfast shall file an  
27 affidavit claiming the exemption on or before May 1 with the local

1 tax collecting unit in which the property is located. The affidavit  
2 shall be in a form prescribed by the department of treasury.

3 (30) As used in this section:

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

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

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

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

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

20 Sec. 7dd. As used in sections 7cc and 7ee:

21 (a) "Owner" means any of the following:

22 (i) A person who owns property or who is purchasing property  
23 under a land contract.

24 (ii) A person who is a partial owner of property.

25 (iii) A person who owns property as a result of being a  
26 beneficiary of a will or trust or as a result of intestate  
27 succession.

1           (iv) A person who owns or is purchasing a dwelling on leased  
2 land.

3           (v) A person holding a life lease in property previously sold  
4 or transferred to another.

5           (vi) A grantor who has placed the property in a revocable trust  
6 or a qualified personal residence trust.

7           (vii) The sole present beneficiary of a trust if the trust  
8 purchased or acquired the property as a principal residence for the  
9 sole present beneficiary of the trust, and the sole present  
10 beneficiary of the trust is totally and permanently disabled. As  
11 used in this subparagraph, "totally and permanently disabled" means  
12 disability as defined in section 216 of title II of the social  
13 security act, 42 USC 416, without regard as to whether the sole  
14 present beneficiary of the trust has reached the age of retirement.

15           (viii) A cooperative housing corporation.

16           (ix) A facility registered under the living care disclosure  
17 act, 1976 PA 440, MCL 554.801 to 554.844.

18           (b) "Person", for purposes of defining owner as used in  
19 section 7cc, means an individual and for purposes of defining owner  
20 as used in section 7ee means an individual, partnership,  
21 corporation, limited liability company, association, or other legal  
22 entity.

23           (c) "Principal residence" means the 1 place where an owner of  
24 the property has his or her true, fixed, and permanent home to  
25 which, whenever absent, he or she intends to return and that shall  
26 continue as a principal residence until another principal residence  
27 is established. Except as otherwise provided in this subdivision,

1 principal residence includes only that portion of a dwelling or  
2 unit in a multiple-unit dwelling that is subject to ad valorem  
3 taxes and that is owned and occupied by an owner of the dwelling or  
4 unit. Principal residence also includes all of an owner's  
5 unoccupied property classified as residential that is adjoining or  
6 contiguous to the dwelling subject to ad valorem taxes and that is  
7 owned and occupied by the owner. Beginning December 31, 2007,  
8 principal residence also includes all of an owner's unoccupied  
9 property classified as timber-cutover real property under section  
10 34c that is adjoining or contiguous to the dwelling subject to ad  
11 valorem taxes and that is owned and occupied by the owner.  
12 Contiguity is not broken by **BOUNDARY BETWEEN LOCAL TAX COLLECTING**  
13 **UNITS**, a road, a right-of-way, or property purchased or taken under  
14 condemnation proceedings by a public utility for power transmission  
15 lines if the 2 parcels separated by the purchased or condemned  
16 property were a single parcel prior to the sale or condemnation.  
17 Except as otherwise provided in this subdivision, principal  
18 residence also includes any portion of a dwelling or unit of an  
19 owner that is rented or leased to another person as a residence as  
20 long as that portion of the dwelling or unit that is rented or  
21 leased is less than 50% of the total square footage of living space  
22 in that dwelling or unit. Principal residence also includes a life  
23 care facility registered under the living care disclosure act, 1976  
24 PA 440, MCL 554.801 to 554.844. Principal residence also includes  
25 property owned by a cooperative housing corporation and occupied by  
26 tenant stockholders. Property that qualified as a principal  
27 residence shall continue to qualify as a principal residence for 3

1 years after all or any portion of the dwelling or unit included in  
2 or constituting the principal residence is rented or leased to  
3 another person as a residence if all of the following conditions  
4 are satisfied:

5 (i) The owner of the dwelling or unit is absent while on active  
6 duty in the armed forces of the United States.

7 (ii) The dwelling or unit would otherwise qualify as the  
8 owner's principal residence.

9 (iii) Except as otherwise provided in this subparagraph, the  
10 owner files an affidavit with the assessor of the local tax  
11 collecting unit on or before May 1 attesting that it is his or her  
12 intent to occupy the dwelling or unit as a principal residence upon  
13 completion of active duty in the armed forces of the United States.  
14 In 2008 only, the owner may file an affidavit under this  
15 subparagraph on or before December 31. A copy of an affidavit filed  
16 under this subparagraph shall be forwarded to the department of  
17 treasury pursuant to a schedule prescribed by the department of  
18 treasury.

19 (d) "Qualified agricultural property" means unoccupied  
20 property and related buildings classified as agricultural, or other  
21 unoccupied property and related buildings located on that property  
22 devoted primarily to agricultural use as defined in section 36101  
23 of the natural resources and environmental protection act, 1994 PA  
24 451, MCL 324.36101. Related buildings include a residence occupied  
25 by a person employed in or actively involved in the agricultural  
26 use and who has not claimed a principal residence exemption on  
27 other property. For taxes levied after December 31, 2008, property

1 shall not lose its status as qualified agricultural property as a  
2 result of an owner or lessee of that property implementing a  
3 wildlife risk mitigation action plan. Notwithstanding any other  
4 provision of this act to the contrary, if after December 31, 2008  
5 the classification of property was changed as a result of the  
6 implementation of a wildlife risk mitigation action plan, the owner  
7 of that property may appeal that change in classification to the  
8 board of review under section 30 in the year in which the  
9 amendatory act that added this sentence takes effect or in the 3  
10 immediately succeeding years. Within 30 days of the effective date  
11 of the amendatory act that added the immediately preceding  
12 sentence, the department of treasury shall update its publication  
13 entitled "Qualified Agricultural Property Exemption Guidelines" and  
14 shall post that updated publication on the department of treasury  
15 website. Property used for commercial storage, commercial  
16 processing, commercial distribution, commercial marketing, or  
17 commercial shipping operations or other commercial or industrial  
18 purposes is not qualified agricultural property. A parcel of  
19 property is devoted primarily to agricultural use only if more than  
20 50% of the parcel's acreage is devoted to agricultural use. An  
21 owner shall not receive an exemption for that portion of the total  
22 state equalized valuation of the property that is used for a  
23 commercial or industrial purpose or that is a residence that is not  
24 a related building. As used in this subdivision:

25 (i) "Project" means certain risk mitigating measures, which may  
26 include, but are not limited to, the following:

27 (A) Making it difficult for wildlife to access feed by storing

1 livestock feed securely, restricting wildlife access to feeding and  
2 watering areas, and deterring or reducing wildlife presence around  
3 livestock feed by storing feed in an enclosed barn, wrapping bales  
4 or covering stacks with tarps, closing ends of bags, storing grains  
5 in animal-proof containers or bins, maintaining fences, practicing  
6 small mammal and rodent control, or feeding away from wildlife  
7 cover.

8 (B) Minimizing wildlife access to livestock feed and water by  
9 feeding livestock in an enclosed area, feeding in open areas near  
10 buildings and human activity, removing extra or waste feed when  
11 livestock are moved, using hay feeders to reduce waste, using  
12 artificial water systems to help keep livestock from sharing water  
13 sources with wildlife, fencing off stagnant ponds, wetlands, or  
14 areas of wildlife habitats that pose a disease risk, and keeping  
15 mineral feeders near buildings and human activity or using devices  
16 that restrict wildlife usage.

17 (ii) "Wildlife risk mitigation action plan" means a written  
18 plan consisting of 1 or more projects to help reduce the risks of a  
19 communicable disease spreading between wildlife and livestock that  
20 is approved by the department of agriculture under the animal  
21 industry act, 1988 PA 466, MCL 287.701 to 287.745.