

**SUBSTITUTE FOR  
SENATE BILL NO. 349**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2010 PA 17.

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

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

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

1 of property may claim 1 exemption under this section by filing an  
2 affidavit on or before May 1 **FOR TAXES LEVIED BEFORE JANUARY 1,**  
3 **2012 OR, FOR TAXES LEVIED AFTER DECEMBER 31, 2011, ON OR BEFORE**  
4 **JUNE 1 FOR THE IMMEDIATELY SUCCEEDING SUMMER TAX LEVY AND ALL**  
5 **SUBSEQUENT TAX LEVIES OR ON OR BEFORE NOVEMBER 1 FOR THE**  
6 **IMMEDIATELY SUCCEEDING WINTER TAX LEVY AND ALL SUBSEQUENT TAX**  
7 **LEVIES** with the local tax collecting unit in which the property is  
8 located. The affidavit shall state that the property is owned and  
9 occupied as a principal residence by that owner of the property on  
10 the date that the affidavit is signed. The affidavit shall be on a  
11 form prescribed by the department of treasury. One copy of the  
12 affidavit shall be retained by the owner, 1 copy shall be retained  
13 by the local tax collecting unit until any appeal or audit period  
14 under this act has expired, and 1 copy shall be forwarded to the  
15 department of treasury pursuant to subsection (4), together with  
16 all information submitted under subsection (26) for a cooperative  
17 housing corporation. The affidavit shall require the owner claiming  
18 the exemption to indicate if that owner or that owner's spouse has  
19 claimed another exemption on property in this state that is not  
20 rescinded or a substantially similar exemption, deduction, or  
21 credit on property in another state that is not rescinded. If the  
22 affidavit requires an owner to include a social security number,  
23 that owner's number is subject to the disclosure restrictions in  
24 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an  
25 affidavit for an exemption under this section before January 1,  
26 2004, that affidavit shall be considered the affidavit required  
27 under this subsection for a principal residence exemption and that

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

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

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

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

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

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

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

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

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

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

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

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

1 previously exempt as his or her principal residence if that  
2 property is not occupied, is for sale, is not leased, and is not  
3 used for any business or commercial purpose by filing a conditional  
4 rescission form prescribed by the department of treasury on or  
5 before May 1 with the local tax collecting unit. **BEGINNING IN THE**  
6 **2012 TAX YEAR, SUBJECT TO THE PAYMENT REQUIREMENT SET FORTH IN THIS**  
7 **SUBSECTION, IF A LAND CONTRACT VENDOR, BANK, CREDIT UNION, OR OTHER**  
8 **LENDING INSTITUTION OWNS PROPERTY AS A RESULT OF HAVING FORECLOSED**  
9 **ON THAT PROPERTY AND THAT PROPERTY HAD BEEN EXEMPT UNDER THIS**  
10 **SECTION IMMEDIATELY PRECEDING THE FORECLOSURE, THAT LAND CONTRACT**  
11 **VENDOR, BANK, CREDIT UNION, OR OTHER LENDING INSTITUTION MAY RETAIN**  
12 **AN EXEMPTION ON THAT PROPERTY UNDER THIS SECTION IF THAT PROPERTY**  
13 **IS NOT OCCUPIED, IS FOR SALE, IS NOT LEASED TO ANY PERSON OTHER**  
14 **THAN THE PERSON WHO CLAIMED THE EXEMPTION UNDER THIS SECTION**  
15 **IMMEDIATELY PRECEDING THE FORECLOSURE, AND IS NOT USED FOR ANY**  
16 **BUSINESS OR COMMERCIAL PURPOSE. A LAND CONTRACT VENDOR, BANK,**  
17 **CREDIT UNION, OR OTHER LENDING INSTITUTION MAY CLAIM AN EXEMPTION**  
18 **UNDER THIS SUBSECTION BY FILING A CONDITIONAL RESCISSION FORM**  
19 **PRESCRIBED BY THE DEPARTMENT OF TREASURY WITH THE LOCAL TAX**  
20 **COLLECTING UNIT WITHIN THE TIME PERIOD PRESCRIBED IN SUBSECTION**  
21 **(2). Property is eligible for a conditional rescission if that**  
22 **property is available for lease and all other conditions under this**  
23 **subsection are met. A copy of ~~the~~A conditional rescission form**  
24 **shall be forwarded to the department of treasury according to a**  
25 **schedule prescribed by the department of treasury. An owner ~~who~~OR**  
26 **A LAND CONTRACT VENDOR, BANK, CREDIT UNION, OR OTHER LENDING**  
27 **INSTITUTION THAT** files a conditional rescission form shall annually

1 verify to the assessor of the local tax collecting unit on or  
2 before December 31 that the property for which the principal  
3 residence exemption is retained is not occupied, is for sale, is  
4 not leased **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION**, and is not  
5 used for any business or commercial purpose. If an owner **OR A LAND**  
6 **CONTRACT VENDOR, BANK, CREDIT UNION, OR OTHER LENDING INSTITUTION**  
7 does not annually verify by December 31 that the property for which  
8 the principal residence exemption is retained is not occupied, is  
9 for sale, is not leased **EXCEPT AS OTHERWISE PROVIDED IN THIS**  
10 **SECTION**, and is not used for any business or commercial purpose,  
11 the assessor of the local tax collecting unit shall deny the  
12 principal residence exemption on that property. ~~If~~**EXCEPT AS**  
13 **OTHERWISE PROVIDED IN THIS SECTION**, property subject to a  
14 conditional rescission is leased, the local tax collecting unit  
15 shall deny that conditional rescission and that denial is  
16 retroactive and is effective on December 31 of the year immediately  
17 preceding the year in which the property subject to the conditional  
18 rescission is leased. An owner who fails to file a rescission as  
19 required by this subsection is subject to a penalty of \$5.00 per  
20 day for each separate failure beginning after the 90 days have  
21 elapsed, up to a maximum of \$200.00. This penalty shall be  
22 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.

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



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

1 subsection (23). The denial shall be made on a form prescribed by  
2 the department of treasury. If the property for which the assessor  
3 has denied a claim for exemption under this subsection is located  
4 in a county in which the county treasurer or the county  
5 equalization director have elected to audit exemptions under  
6 subsection (10), the assessor shall notify the county treasurer or  
7 the county equalization director of the denial under this  
8 subsection.

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

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

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

1 or penalty. Interest on any tax set forth in a corrected or  
2 supplemental tax bill shall again begin to accrue 60 days after the  
3 date the corrected or supplemental tax bill is issued at the rate  
4 of 1.25% per month or fraction of a month. The department of  
5 treasury may waive interest on any tax set forth in a corrected or  
6 supplemental tax bill for the current tax year and the immediately  
7 preceding 3 tax years if the assessor of the local tax collecting  
8 unit files with the department of treasury a sworn affidavit in a  
9 form prescribed by the department of treasury stating that the tax  
10 set forth in the corrected or supplemental tax bill is a result of  
11 the assessor's classification error or other error or the  
12 assessor's failure to rescind the exemption after the owner  
13 requested in writing that the exemption be rescinded. Taxes levied  
14 in a corrected or supplemental tax bill shall be returned as  
15 delinquent on the March 1 in the year immediately succeeding the  
16 year in which the corrected or supplemental tax bill is issued. If  
17 the department of treasury denies an existing claim for exemption,  
18 the interest due shall be distributed as provided in subsection  
19 (23). However, if the property has been transferred to a bona fide  
20 purchaser before additional taxes were billed to the seller as a  
21 result of the denial of a claim for exemption, the taxes, interest,  
22 and penalties shall not be a lien on the property and shall not be  
23 billed to the bona fide purchaser, and the local tax collecting  
24 unit if the local tax collecting unit has possession of the tax  
25 roll or the county treasurer if the county has possession of the  
26 tax roll shall notify the department of treasury of the amount of  
27 tax due and interest through the date of that notification. The

1 department of treasury shall then assess the owner who claimed the  
2 exemption under this section for the tax and interest plus penalty  
3 accruing as a result of the denial of the claim for exemption, if  
4 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
5 205.31, and shall deposit any tax or penalty collected into the  
6 state school aid fund and shall distribute any interest collected  
7 as provided in subsection (23).

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

16 (10) A county may elect to audit the exemptions claimed under  
17 this section in all local tax collecting units located in that  
18 county as provided in this subsection. The election to audit  
19 exemptions shall be made by the county treasurer, or by the county  
20 equalization director with the concurrence by resolution of the  
21 county board of commissioners. The initial election to audit  
22 exemptions shall require an audit period of 2 years. Before 2009,  
23 subsequent elections to audit exemptions shall be made every 2  
24 years and shall require 2 annual audit periods. Beginning in 2009,  
25 an election to audit exemptions shall be made every 5 years and  
26 shall require 5 annual audit periods. An election to audit  
27 exemptions shall be made by submitting an election to audit form to

1 the assessor of each local tax collecting unit in that county and  
2 to the department of treasury not later than April 1 preceding the  
3 October 1 in the year in which an election to audit is made. The  
4 election to audit form required under this subsection shall be in a  
5 form prescribed by the department of treasury. If a county elects  
6 to audit the exemptions claimed under this section, the department  
7 of treasury may continue to review the validity of exemptions as  
8 provided in subsection (8). If a county does not elect to audit the  
9 exemptions claimed under this section as provided in this  
10 subsection, the department of treasury shall conduct an audit of  
11 exemptions claimed under this section in the initial 2-year audit  
12 period for each local tax collecting unit in that county unless the  
13 department of treasury has entered into an agreement with the  
14 assessor for that local tax collecting unit under subsection (9).

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

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

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



1 equalization director or his or her designee shall forward copies  
2 of the list provided by the department of treasury to each assessor  
3 in each local tax collecting unit in that county within 10 days of  
4 receiving the list.

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

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

1 owner has paid the interest due as a result of a denial under  
2 subsection (6), (8), or (11), the interest received after a  
3 distribution was made under subsection (23) shall be refunded.

4 (14) For taxes levied after December 31, 2005, for each county  
5 in which the county treasurer or the county equalization director  
6 does not elect to audit the exemptions claimed under this section  
7 as provided in subsection (10), the department of treasury shall  
8 conduct an annual audit of exemptions claimed under this section  
9 for the current calendar year.

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

24 (16) Except as otherwise provided in subsection (28), if the  
25 principal residence is part of a unit in a multiple-unit dwelling  
26 or a dwelling unit in a multiple-purpose structure, an owner shall  
27 claim an exemption for only that portion of the total taxable value

1 of the property used as the principal residence of that owner in a  
2 manner prescribed by the department of treasury. If a portion of a  
3 parcel for which the owner claims an exemption is used for a  
4 purpose other than as a principal residence, the owner shall claim  
5 an exemption for only that portion of the taxable value of the  
6 property used as the principal residence of that owner in a manner  
7 prescribed by the department of treasury.

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

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

1 collecting unit that the exemption is granted and the assessor of  
2 the local tax collecting unit or, if the tax roll is in the  
3 possession of the county treasurer, the county treasurer shall  
4 correct the tax roll to reflect the exemption. This subsection does  
5 not create a cause of action at law or in equity against a closing  
6 statement preparer who fails to provide exemption affidavit and  
7 rescission forms to a buyer and seller or who fails to file the  
8 affidavit and rescission forms with the local tax collecting unit  
9 when requested to do so by the buyer or seller.

10 (19) An owner who owned and occupied a principal residence on  
11 May 1 for which the exemption was not on the tax roll may file an  
12 appeal with the July board of review or December board of review in  
13 the year for which the exemption was claimed or the immediately  
14 succeeding 3 years. If an appeal of a claim for exemption that was  
15 not on the tax roll is received not later than 5 days prior to the  
16 date of the December board of review, the local tax collecting unit  
17 shall convene a December board of review and consider the appeal  
18 pursuant to this section and section 53b. For the 2008 tax year  
19 only, an owner of property eligible for a conditional rescission  
20 under subsection (5) who did not file a conditional rescission form  
21 prescribed by the department of treasury with the local tax  
22 collecting unit on or before May 1, 2008 may file an appeal with  
23 the 2008 July board of review or 2008 December board of review to  
24 claim a conditional rescission for the 2008 tax year. For the 2008  
25 and 2009 tax years only, an owner of property classified as timber-  
26 cutover real property adjoining or contiguous to that owner's  
27 principal residence who did not claim an exemption for the property

1 classified as timber-cutover real property under this section  
2 before May 1, 2009 or whose claim for exemption under this section  
3 for that property classified as timber-cutover real property was  
4 denied before May 1, 2009 may file an appeal with the 2009 December  
5 board of review or the 2010 July board of review to claim an  
6 exemption under this section for that property classified as  
7 timber-cutover real property for the 2008 and 2009 tax years.

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

18 (21) If granting the exemption under this section results in  
19 an overpayment of the tax, a rebate, including any interest paid,  
20 shall be made to the taxpayer by the local tax collecting unit if  
21 the local tax collecting unit has possession of the tax roll or by  
22 the county treasurer if the county has possession of the tax roll  
23 within 30 days of the date the exemption is granted. The rebate  
24 shall be without interest. If an exemption for property classified  
25 as timber-cutover real property is granted under this section for  
26 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
27 delinquent and unpaid penalty, interest, and tax resulting from

1 that property not having been exempt under this section for the  
2 2008 or 2009 tax year shall be waived.

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

1 had not been granted from the date the taxes were originally  
2 levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (a) Interest distributed to a county shall be deposited into a  
25 restricted fund to be used solely for the administration of  
26 exemptions under this section. Money in that restricted fund shall  
27 lapse to the county general fund on the December 31 in the year 3

1 years after the first distribution of interest to the county under  
2 subsection (23) and on each succeeding December 31 thereafter.

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

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

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

23 (a) An affidavit form.

24 (b) A statement of the total number of units owned by the  
25 cooperative housing corporation and occupied as the principal  
26 residence of a tenant stockholder as of the date of the filing  
27 under this subsection.



1 (c) A list that includes the name, address, and social  
2 security number of each tenant stockholder of the cooperative  
3 housing corporation occupying a unit in the cooperative housing  
4 corporation as his or her principal residence as of the date of the  
5 filing under this subsection.

6 (d) A statement of the total number of units of the  
7 cooperative housing corporation on which an exemption under this  
8 section was claimed and that were transferred in the tax year  
9 immediately preceding the tax year in which the filing under this  
10 section was made.

11 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
12 of each county shall forward to the department of education a  
13 statement of the taxable value of each school district and fraction  
14 of a school district within the county for the preceding 4 calendar  
15 years. This requirement is in addition to the requirement set forth  
16 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
17 388.1751.

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

22 (a) Add all of the following:

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

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

26 (iii) If the property was not open and available for use as a  
27 bed and breakfast for 90 or more consecutive days in the

1 immediately preceding 12-month period, the result of the following  
2 calculation:

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

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

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

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

18 (30) As used in this section:

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

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

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

26 (iii) Has a smoke detector in proper working order in each  
27 sleeping room and a fire extinguisher in proper working order on

1 each floor.

2 (b) "Common area" includes, but is not limited to, a kitchen,  
3 dining room, living room, fitness room, porch, hallway, laundry  
4 room, or bathroom that is available for use by guests of a bed and  
5 breakfast or, unless guests are specifically prohibited from access  
6 to the area, an area that is used to provide a service to guests of  
7 a bed and breakfast.