

# HOUSE BILL No. 4674

May 24, 2011, Introduced by Reps. Denby, Kowall and Lane and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 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  
10      of property may claim 1 exemption under this section by filing an  
11      affidavit on or before May 1 with the local tax collecting unit in  
12      which the property is located. The affidavit shall state that the

1 property is owned and occupied as a principal residence by that  
2 owner of the property on the date that the affidavit is signed. The  
3 affidavit shall be on a form prescribed by the department of  
4 treasury. One copy of the affidavit shall be retained by the owner,  
5 1 copy shall be retained by the local tax collecting unit until any  
6 appeal or audit period under this act has expired, and 1 copy shall  
7 be forwarded to the department of treasury pursuant to subsection  
8 (4), together with all information submitted under subsection (26)  
9 for a cooperative housing corporation. The affidavit shall require  
10 the owner claiming the exemption to indicate if that owner or that  
11 owner's spouse has claimed another exemption on property in this  
12 state that is not rescinded or a substantially similar exemption,  
13 deduction, or credit on property in another state that is not  
14 rescinded. If the affidavit requires an owner to include a social  
15 security number, that owner's number is subject to the disclosure  
16 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of  
17 property filed an affidavit for an exemption under this section  
18 before January 1, 2004, that affidavit shall be considered the  
19 affidavit required under this subsection for a principal residence  
20 exemption and that exemption shall remain in effect until rescinded  
21 as provided in this section.

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

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

4           (b) Subject to subdivision (a), that person or his or her  
5 spouse owns property in a state other than this state for which  
6 that person or his or her spouse claims an exemption, deduction, or  
7 credit substantially similar to the exemption provided under this  
8 section, unless that person and his or her spouse file separate  
9 income tax returns.

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

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

17          (e) That person has previously rescinded an exemption under  
18 this section for the same property for which an exemption is now  
19 claimed and there has not been a transfer of ownership of that  
20 property after the previous exemption was rescinded, if either of  
21 the following conditions is satisfied:

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

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

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

12           (5) Not more than 90 days after exempted property is no longer  
13 used as a principal residence by the owner claiming an exemption,  
14 that owner shall rescind the claim of exemption by filing with the  
15 local tax collecting unit a rescission form prescribed by the  
16 department of treasury. However, if an owner is eligible for and  
17 claims an exemption for that owner's current principal residence,  
18 that owner may retain an exemption for not more than 3 tax years on  
19 property previously exempt as his or her principal residence, **OR ON**  
20 **PROPERTY TRANSFERRED TO THAT OWNER UNDER A WILL OR TRUST OR THROUGH**  
21 **INTESTATE SUCCESSION**, if that property is not occupied, is for  
22 sale, is not leased, and is not used for any business or commercial  
23 purpose by filing a conditional rescission form prescribed by the  
24 department of treasury on or before May 1 with the local tax  
25 collecting unit. Property is eligible for a conditional rescission  
26 if that property is available for lease and all other conditions  
27 under this subsection are met. A copy of the conditional rescission

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

25 (6) Except as otherwise provided in subsection (5), if the  
26 assessor of the local tax collecting unit believes that the  
27 property for which an exemption is claimed is not the principal

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

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

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

9           (8) The department of treasury shall determine if the property  
10 is the principal residence of the owner claiming the exemption. The  
11 department of treasury may review the validity of exemptions for  
12 the current calendar year and for the 3 immediately preceding  
13 calendar years. Except as otherwise provided in subsection (5), if  
14 the department of treasury determines that the property is not the  
15 principal residence of the owner claiming the exemption, the  
16 department shall send a notice of that determination to the local  
17 tax collecting unit and to the owner of the property claiming the  
18 exemption, indicating that the claim for exemption is denied,  
19 stating the reason for the denial, and advising the owner claiming  
20 the exemption of the right to appeal the determination to the  
21 department of treasury and what those rights of appeal are. The  
22 department of treasury may issue a notice denying a claim if an  
23 owner fails to respond within 30 days of receipt of a request for  
24 information from that department. An owner may appeal the denial of  
25 a claim of exemption to the department of treasury within 35 days  
26 of receipt of the notice of denial. An appeal to the department of  
27 treasury shall be conducted according to the provisions for an



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

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

27 (9) The department of treasury may enter into an agreement

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

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

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

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

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

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

24 (12) If a county elects to audit exemptions claimed under this  
25 section as provided in subsection (10), the county treasurer or the  
26 county equalization director may enter into an agreement with the  
27 assessor of a local tax collecting unit in that county regarding

1 the implementation or administration of this section. The agreement  
2 may specify that for a period of time, not to exceed 120 days, the  
3 county will not deny an exemption identified by the department of  
4 treasury in the list provided under subsection (11).

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

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

1 for the current calendar year.

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

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

27 (17) When a county register of deeds records a transfer of



1 ownership of a property, he or she shall notify the local tax  
2 collecting unit in which the property is located of the transfer.

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

1 when requested to do so by the buyer or seller.

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

27 (20) If the assessor or treasurer of the local tax collecting

1 unit believes that the department of treasury erroneously denied a  
2 claim for exemption, the assessor or treasurer may submit written  
3 information supporting the owner's claim for exemption to the  
4 department of treasury within 35 days of the owner's receipt of the  
5 notice denying the claim for exemption. If, after reviewing the  
6 information provided, the department of treasury determines that  
7 the claim for exemption was erroneously denied, the department of  
8 treasury shall grant the exemption and the tax roll shall be  
9 amended to reflect the exemption.

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

22 (22) If an exemption under this section is erroneously granted  
23 for an affidavit filed before October 1, 2003, an owner may request  
24 in writing that the department of treasury withdraw the exemption.  
25 The request to withdraw the exemption shall be received not later  
26 than November 1, 2003. If an owner requests that an exemption be  
27 withdrawn, the department of treasury shall issue an order

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

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

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

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

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

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

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

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

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

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

8           (c) If the county treasurer or his or her designee or the  
9 county equalization director or his or her designee denies the  
10 exemption under this section, as follows:

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

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

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

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

16           (a) Interest distributed to a county shall be deposited into a  
17 restricted fund to be used solely for the administration of  
18 exemptions under this section. Money in that restricted fund shall  
19 lapse to the county general fund on the December 31 in the year 3  
20 years after the first distribution of interest to the county under  
21 subsection (23) and on each succeeding December 31 thereafter.

22           (b) Interest distributed to the department of treasury shall  
23 be deposited into the principal residence property tax exemption  
24 audit fund, which is created within the state treasury. The state  
25 treasurer may receive money or other assets from any source for  
26 deposit into the fund. The state treasurer shall direct the  
27 investment of the fund. The state treasurer shall credit to the

1 fund interest and earnings from fund investments. Money in the fund  
2 shall be considered a work project account and at the close of the  
3 fiscal year shall remain in the fund and shall not lapse to the  
4 general fund. Money from the fund shall be expended, upon  
5 appropriation, only for the purpose of auditing exemption  
6 affidavits.

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

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

15 (a) An affidavit form.

16 (b) A statement of the total number of units owned by the  
17 cooperative housing corporation and occupied as the principal  
18 residence of a tenant stockholder as of the date of the filing  
19 under this subsection.

20 (c) A list that includes the name, address, and social  
21 security number of each tenant stockholder of the cooperative  
22 housing corporation occupying a unit in the cooperative housing  
23 corporation as his or her principal residence as of the date of the  
24 filing under this subsection.

25 (d) A statement of the total number of units of the  
26 cooperative housing corporation on which an exemption under this  
27 section was claimed and that were transferred in the tax year

1 immediately preceding the tax year in which the filing under this  
2 section was made.

3 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
4 of each county shall forward to the department of education a  
5 statement of the taxable value of each school district and fraction  
6 of a school district within the county for the preceding 4 calendar  
7 years. This requirement is in addition to the requirement set forth  
8 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
9 388.1751.

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

14 (a) Add all of the following:

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

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

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

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

25 (B) Multiply the result of the calculation in sub-subparagraph  
26 (A) by a fraction, the numerator of which is the number of  
27 consecutive days in the immediately preceding 12-month period that

1 the property was not open and available for use as a bed and  
2 breakfast and the denominator of which is 365.

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

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

10 (30) As used in this section:

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

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

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

18 (iii) Has a smoke detector in proper working order in each  
19 sleeping room and a fire extinguisher in proper working order on  
20 each floor.

21 (b) "Common area" includes, but is not limited to, a kitchen,  
22 dining room, living room, fitness room, porch, hallway, laundry  
23 room, or bathroom that is available for use by guests of a bed and  
24 breakfast or, unless guests are specifically prohibited from access  
25 to the area, an area that is used to provide a service to guests of  
26 a bed and breakfast.