

# HOUSE BILL No. 4861

July 27, 2011, Introduced by Rep. Stamas 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

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14 state that is not rescinded or a substantially similar exemption,  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16 rescinded.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22 exemption and that exemption shall remain in effect until rescinded  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

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

1 not entitled to an exemption under this section if any of the  
2 following conditions occur:

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5 rescinded.

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

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

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

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

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

26 (ii) That person has rescinded an exemption under this section  
27 on other property, which exemption remains in effect for that tax

1 year, and there has not been a transfer of ownership of that  
2 property.

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

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

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

(6) Except as otherwise provided in subsection (5), if the assessor of the local tax collecting unit believes that the

1 property for which an exemption is claimed is not the principal  
2 residence of the owner claiming the exemption, the assessor may  
3 deny a new or existing claim by notifying the owner and the  
4 department of treasury in writing of the reason for the denial and  
5 advising the owner that the denial may be appealed to the  
6 residential and small claims division of the Michigan tax tribunal  
7 within 35 days after the date of the notice. The assessor may deny  
8 a claim for exemption for the current year and for the 3  
9 immediately preceding calendar years. **THE ASSESSOR SHALL DETERMINE**  
10 **WHETHER THE REASON FOR THE DENIAL IS DUE TO AN ERROR ON THE PART OF**  
11 **THE OWNER CLAIMING THE EXEMPTION.** If the assessor denies an  
12 existing claim for exemption, the assessor shall remove the  
13 exemption of the property and, if the tax roll is in the local tax  
14 collecting unit's possession, amend the tax roll to reflect the  
15 denial. ~~and IF THE REASON FOR THE DENIAL IS DUE TO AN ERROR ON THE~~  
16 **PART OF THE OWNER CLAIMING THE EXEMPTION,** the local treasurer shall  
17 within 30 days of the date of the denial issue a corrected tax bill  
18 for any additional taxes with interest at the rate of 1.25% per  
19 month or fraction of a month and penalties computed from the date  
20 the taxes were last payable without interest or penalty. If the tax  
21 roll is in the county treasurer's possession, the tax roll shall be  
22 amended to reflect the denial. ~~and IF THE REASON FOR THE DENIAL IS~~  
23 **DUE TO AN ERROR ON THE PART OF THE OWNER CLAIMING THE EXEMPTION,**  
24 the county treasurer shall within 30 days of the date of the denial  
25 prepare and submit a supplemental tax bill for any additional  
26 taxes, together with interest at the rate of 1.25% per month or  
27 fraction of a month and penalties computed from the date the taxes

1 were last payable without interest or penalty. **THE LOCAL TREASURER**  
2 **OR, IF THE TAX ROLL IS IN THE COUNTY TREASURER'S POSSESSION, THE**  
3 **COUNTY TREASURER SHALL NOT ISSUE A CORRECTED OR SUPPLEMENTAL TAX**  
4 **BILL IF THE REASON FOR THE DENIAL IS NOT DUE TO AN ERROR ON THE**  
5 **PART OF THE OWNER CLAIMING THE EXEMPTION.** Interest on any tax set  
6 forth in a corrected or supplemental tax bill shall again begin to  
7 accrue 60 days after the date the corrected or supplemental tax  
8 bill is issued at the rate of 1.25% per month or fraction of a  
9 month. Taxes levied in a corrected or supplemental tax bill shall  
10 be returned as delinquent on the March 1 in the year immediately  
11 succeeding the year in which the corrected or supplemental tax bill  
12 is issued. If the assessor denies an existing claim for exemption,  
13 the interest due shall be distributed as provided in subsection  
14 (23). However, if the property has been transferred to a bona fide  
15 purchaser before additional taxes were billed to the seller as a  
16 result of the denial of a claim for exemption, the taxes, interest,  
17 and penalties shall not be a lien on the property and shall not be  
18 billed to the bona fide purchaser, and the local tax collecting  
19 unit if the local tax collecting unit has possession of the tax  
20 roll or the county treasurer if the county has possession of the  
21 tax roll shall notify the department of treasury of the amount of  
22 tax due, interest, and penalties through the date of that  
23 notification. The department of treasury shall then assess the  
24 owner who claimed the exemption under this section for the tax,  
25 interest, and penalties accruing as a result of the denial of the  
26 claim for exemption, if any, as for unpaid taxes provided under  
27 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or

1 penalty collected into the state school aid fund and shall  
2 distribute any interest collected as provided in subsection (23).  
3 The denial shall be made on a form prescribed by the department of  
4 treasury. If the property for which the assessor has denied a claim  
5 for exemption under this subsection is located in a county in which  
6 the county treasurer or the county equalization director have  
7 elected to audit exemptions under subsection (10), the assessor  
8 shall notify the county treasurer or the county equalization  
9 director of the denial under this subsection.

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

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



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

1 tax roll is in the county treasurer's possession, the tax roll  
2 shall be amended to reflect the denial and the county treasurer  
3 shall within 30 days of the date of the denial prepare and submit a  
4 supplemental tax bill for any additional taxes, together with  
5 interest at the rate of 1.25% per month or fraction of a month and  
6 penalties computed from the date the taxes were last payable  
7 without interest or penalty. **IF THE REASON FOR DENIAL IS NOT DUE TO**  
8 **AN ERROR ON THE PART OF THE OWNER CLAIMING THE EXEMPTION, THE**  
9 **ASSESSOR SHALL AMEND THE TAX ROLL TO REFLECT THE DENIAL, BUT SHALL**  
10 **NOT ISSUE A CORRECTED TAX BILL, AND ANY UNPAID TAXES, INTEREST, AND**  
11 **PENALTIES SHALL NOT BE A LIEN ON THE PROPERTY.** Interest on any tax  
12 set forth in a corrected or supplemental tax bill shall again begin  
13 to accrue 60 days after the date the corrected or supplemental tax  
14 bill is issued at the rate of 1.25% per month or fraction of a  
15 month. The department of treasury may waive interest on any tax set  
16 forth in a corrected or supplemental tax bill for the current tax  
17 year and the immediately preceding 3 tax years if the assessor of  
18 the local tax collecting unit files with the department of treasury  
19 a sworn affidavit in a form prescribed by the department of  
20 treasury stating that the tax set forth in the corrected or  
21 supplemental tax bill is a result of the assessor's classification  
22 error or other error or the assessor's failure to rescind the  
23 exemption after the owner requested in writing that the exemption  
24 be rescinded. Taxes levied in a corrected or supplemental tax bill  
25 shall be returned as delinquent on the March 1 in the year  
26 immediately succeeding the year in which the corrected or  
27 supplemental tax bill is issued. If the department of treasury

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

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

27 (10) A county may elect to audit the exemptions claimed under

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

1 amended to reflect the exemption.

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

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

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

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

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

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

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

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

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

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

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

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

27 (c) If the county treasurer or his or her designee or the

1 county equalization director or his or her designee denies the  
2 exemption under this section, as follows:

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

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

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

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

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

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

26 (25) Interest distributed under subsection (23) is in addition  
27 to and shall not affect the levy or collection of the county

1 property tax administration fee established under this act.

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

7 (a) An affidavit form.

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

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

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

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

1 388.1751.

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

6 (a) Add all of the following:

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

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

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

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

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

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

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



1 shall be in a form prescribed by the department of treasury.

2 (30) As used in this section:

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

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

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

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

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