

HOUSE BILL No. 5513

March 27, 2012, Introduced by Reps. Hughes, Wayne Schmidt, Johnson, Pettalia, LaFontaine, Outman, Ouimet, Tyler, Heise, Kurtz, Jenkins, Poleski, Rendon, Opsommer, Jacobsen, MacGregor, Price, Zorn, Horn, O'Brien, Lund, McBroom, Graves, Bumstead, Hooker, Yonker, Daley, Potvin, Knollenberg, Agema, Denby, Crawford, Haines, Muxlow, Goike, Cotter, Somerville, Callton, Kowall, Shaughnessy, Lori, Foster and Gilbert 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

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13 state that is not rescinded or a substantially similar exemption,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15 rescinded.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21 exemption and that exemption shall remain in effect until rescinded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

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

1 following conditions occur:

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4 rescinded.

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

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

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

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

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

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

1 property.

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

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

1 be forwarded to the department of treasury according to a schedule
2 prescribed by the department of treasury. An owner who files a
3 conditional rescission form shall annually verify to the assessor
4 of the local tax collecting unit on or before December 31 that the
5 property for which the principal residence exemption is retained is
6 not occupied, is for sale, is not leased, and is not used for any
7 business or commercial purpose. If an owner does not annually
8 verify by December 31 that the property for which the principal
9 residence exemption is retained is not occupied, is for sale, is
10 not leased, 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 property subject
13 to a conditional rescission is leased, the local tax collecting
14 unit shall deny that conditional rescission and that denial is
15 retroactive and is effective on December 31 of the year immediately
16 preceding the year in which the property subject to the conditional
17 rescission is leased. An owner who fails to file a rescission as
18 required by this subsection is subject to a penalty of \$5.00 per
19 day for each separate failure beginning after the 90 days have
20 elapsed, up to a maximum of \$200.00. This penalty shall be
21 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. **THE DEPARTMENT OF TREASURY SHALL**
6 **EXPEDITE THE APPEAL OF A DENIAL OF A CLAIM OF EXEMPTION FOR AN**
7 **OWNER WHO IS 90 YEARS OLD OR OLDER AT THE TIME THE APPEAL IS FILED**
8 **AND SHALL RENDER A DECISION ON THAT APPEAL WITHIN 120 DAYS AFTER**
9 **NOTIFYING THE ASSESSOR AND THE TREASURER FOR THE COUNTY IN WHICH**
10 **THE PROPERTY IS LOCATED THAT AN APPEAL HAS BEEN FILED.** Upon receipt
11 of a notice that the department of treasury has denied a claim for
12 exemption, the assessor shall remove the exemption of the property
13 and, if the tax roll is in the local tax collecting unit's
14 possession, amend the tax roll to reflect the denial and the local
15 treasurer shall within 30 days of the date of the denial issue a
16 corrected tax bill for any additional taxes with interest at the
17 rate of 1.25% per month or fraction of a month and penalties
18 computed from the date the taxes were last payable without interest
19 and penalty. If the tax roll is in the county treasurer's
20 possession, the tax roll shall be amended to reflect the denial and
21 the county treasurer shall within 30 days of the date of the denial
22 prepare and submit a supplemental tax bill for any additional
23 taxes, together with interest at the rate of 1.25% per month or
24 fraction of a month and penalties computed from the date the taxes
25 were last payable without interest or penalty. Interest on any tax
26 set forth in a corrected or supplemental tax bill shall again begin
27 to accrue 60 days after the date the corrected or supplemental tax

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

1 of the denial of the claim for exemption, if any, as for unpaid
2 taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and shall
3 deposit any tax or penalty collected into the state school aid fund
4 and shall distribute any interest collected as provided in
5 subsection (23).

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

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

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

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

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

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

1 in each local tax collecting unit in that county within 10 days of
2 receiving the list.

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

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

1 distribution was made under subsection (23) shall be refunded.

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

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

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

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

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

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

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

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

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

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

16 (21) If granting the exemption under this section results in
17 an overpayment of the tax, a rebate, including any interest paid,
18 shall be made to the taxpayer by the local tax collecting unit if
19 the local tax collecting unit has possession of the tax roll or by
20 the county treasurer if the county has possession of the tax roll
21 within 30 days of the date the exemption is granted. The rebate
22 shall be without interest. If an exemption for property classified
23 as timber-cutover real property is granted under this section for
24 the 2008 or 2009 tax year, the tax roll shall be corrected and any
25 delinquent and unpaid penalty, interest, and tax resulting from
26 that property not having been exempt under this section for the
27 2008 or 2009 tax year shall be waived.

(22) If an exemption under this section is erroneously granted for an affidavit filed before October 1, 2003, an owner may request in writing that the department of treasury withdraw the exemption. The request to withdraw the exemption shall be received not later than November 1, 2003. If an owner requests that an exemption be withdrawn, the department of treasury shall issue an order notifying the local assessor that the exemption issued under this section has been denied based on the owner's request. If an exemption is withdrawn, the property that had been subject to that exemption shall be immediately placed on the tax roll by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll as though the exemption had not been granted. A corrected tax bill shall be issued for the tax year being adjusted by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll. Unless a denial has been issued prior to July 1, 2003, if an owner requests that an exemption under this section be withdrawn and that owner pays the corrected tax bill issued under this subsection within 30 days after the corrected tax bill is issued, that owner is not liable for any penalty or interest on the additional tax. An owner who pays a corrected tax bill issued under this subsection more than 30 days after the corrected tax bill is issued is liable for the penalties and interest that would have accrued if the exemption had not been granted from the date the taxes were originally levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (a) An affidavit form.

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

26 (c) A list that includes the name, address, and social
27 security number of each tenant stockholder of the cooperative

1 housing corporation occupying a unit in the cooperative housing
2 corporation as his or her principal residence as of the date of the
3 filing under this subsection.

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

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

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

20 (a) Add all of the following:

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

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

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

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

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

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

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

16 (30) As used in this section:

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

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

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

24 (iii) Has a smoke detector in proper working order in each
25 sleeping room and a fire extinguisher in proper working order on
26 each floor.

27 (b) "Common area" includes, but is not limited to, a kitchen,

1 dining room, living room, fitness room, porch, hallway, laundry
2 room, or bathroom that is available for use by guests of a bed and
3 breakfast or, unless guests are specifically prohibited from access
4 to the area, an area that is used to provide a service to guests of
5 a bed and breakfast.