

SENATE BILL No. 33

January 19, 2011, Introduced by Senator HANSEN and referred to the Committee on Finance.

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14 state that is not rescinded or a substantially similar exemption,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16 rescinded.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22 exemption and that exemption shall remain in effect until rescinded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 **A DECEASED OWNER TRANSFERS BY**
19 **WILL OR INTESTATE SUCCESSION PROPERTY THAT HAD BEEN EXEMPT UNDER**
20 **THIS SECTION TO A PERSON WHO CLAIMS AN EXEMPTION FOR HIS OR HER**
21 **PRINCIPAL RESIDENCE OR IF** an owner is eligible for and claims an
22 exemption for that owner's current principal residence, that owner
23 may retain an exemption for not more than 3 tax years on property
24 previously exempt **AS THE DECEASED OWNER'S PRINCIPAL RESIDENCE OR** as
25 his or her principal residence if that property is not occupied, is
26 for sale, is not leased, and is not used for any business or
27 commercial purpose by filing a conditional rescission form

1 prescribed by the department of treasury on or before May 1 with
2 the local tax collecting unit. Property is eligible for a
3 conditional rescission if that property is available for lease and
4 all other conditions under this subsection are met. A copy of the
5 conditional rescission form shall be forwarded to the department of
6 treasury according to a schedule prescribed by the department of
7 treasury. An owner who files a conditional rescission form shall
8 annually verify to the assessor of the local tax collecting unit on
9 or before December 31 that the property for which the principal
10 residence exemption is retained is not occupied, is for sale, is
11 not leased, and is not used for any business or commercial purpose.
12 If an owner does not annually verify by December 31 that the
13 property for which the principal residence exemption is retained is
14 not occupied, is for sale, is not leased, and is not used for any
15 business or commercial purpose, the assessor of the local tax
16 collecting unit shall deny the principal residence exemption on
17 that property. If property subject to a conditional rescission is
18 leased, the local tax collecting unit shall deny that conditional
19 rescission and that denial is retroactive and is effective on
20 December 31 of the year immediately preceding the year in which the
21 property subject to the conditional rescission is leased. An owner
22 who fails to file a rescission as required by this subsection is
23 subject to a penalty of \$5.00 per day for each separate failure
24 beginning after the 90 days have elapsed, up to a maximum of
25 \$200.00. This penalty shall be collected under 1941 PA 122, MCL
26 205.1 to 205.31, and shall be deposited in the state school aid
27 fund established in section 11 of article IX of the state

1 constitution of 1963. This penalty may be waived by the department
2 of treasury.

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

1 Interest on any tax set forth in a corrected or supplemental tax
2 bill shall again begin to accrue 60 days after the date the
3 corrected or supplemental tax bill is issued at the rate of 1.25%
4 per month or fraction of a month. Taxes levied in a corrected or
5 supplemental tax bill shall be returned as delinquent on the March
6 1 in the year immediately succeeding the year in which the
7 corrected or supplemental tax bill is issued. If the assessor
8 denies an existing claim for exemption, the interest due shall be
9 distributed as provided in subsection (23). However, if the
10 property has been transferred to a bona fide purchaser before
11 additional taxes were billed to the seller as a result of the
12 denial of a claim for exemption, the taxes, interest, and penalties
13 shall not be a lien on the property and shall not be billed to the
14 bona fide purchaser, and the local tax collecting unit if the local
15 tax collecting unit has possession of the tax roll or the county
16 treasurer if the county has possession of the tax roll shall notify
17 the department of treasury of the amount of tax due, interest, and
18 penalties through the date of that notification. The department of
19 treasury shall then assess the owner who claimed the exemption
20 under this section for the tax, interest, and penalties accruing as
21 a result of the denial of the claim for exemption, if any, as for
22 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
23 shall deposit any tax or penalty collected into the state school
24 aid fund and shall distribute any interest collected as provided in
25 subsection (23). The denial shall be made on a form prescribed by
26 the department of treasury. If the property for which the assessor
27 has denied a claim for exemption under this subsection is located

1 in a county in which the county treasurer or the county
2 equalization director have elected to audit exemptions under
3 subsection (10), the assessor shall notify the county treasurer or
4 the county equalization director of the denial under this
5 subsection.

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

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

1 owner fails to respond within 30 days of receipt of a request for
2 information from that department. An owner may appeal the denial of
3 a claim of exemption to the department of treasury within 35 days
4 of receipt of the notice of denial. An appeal to the department of
5 treasury shall be conducted according to the provisions for an
6 informal conference in section 21 of 1941 PA 122, MCL 205.21.
7 Within 10 days after acknowledging an appeal of a denial of a claim
8 of exemption, the department of treasury shall notify the assessor
9 and the treasurer for the county in which the property is located
10 that an appeal has been filed. Upon receipt of a notice that the
11 department of treasury has denied a claim for exemption, the
12 assessor shall remove the exemption of the property and, if the tax
13 roll is in the local tax collecting unit's possession, amend the
14 tax roll to reflect the denial and the local treasurer shall within
15 30 days of the date of the denial issue a corrected tax bill for
16 any additional taxes with interest at the rate of 1.25% per month
17 or fraction of a month and penalties computed from the date the
18 taxes were last payable without interest and penalty. If the tax
19 roll is in the county treasurer's possession, the tax roll shall be
20 amended to reflect the denial and the county treasurer shall within
21 30 days of the date of the denial prepare and submit a supplemental
22 tax bill for any additional taxes, together with interest at the
23 rate of 1.25% per month or fraction of a month and penalties
24 computed from the date the taxes were last payable without interest
25 or penalty. Interest on any tax set forth in a corrected or
26 supplemental tax bill shall again begin to accrue 60 days after the
27 date the corrected or supplemental tax bill is issued at the rate

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

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

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

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

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

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

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

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

1 receiving the list.

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (22) If an exemption under this section is erroneously granted

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

27 (23) Subject to subsection (24), interest at the rate of 1.25%

1 per month or fraction of a month collected under subsection (6),
2 (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (b) Interest distributed to the department of treasury shall

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

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

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

20 (a) An affidavit form.

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

25 (c) A list that includes the name, address, and social
26 security number of each tenant stockholder of the cooperative
27 housing corporation occupying a unit in the cooperative housing

1 corporation as his or her principal residence as of the date of the
2 filing under this subsection.

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

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

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

19 (a) Add all of the following:

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

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

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

27 (A) Add the square footage of the property that is open and

1 available regularly and exclusively as a bed and breakfast, and 50%
2 of the square footage of the property's common area.

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

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

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

15 (30) As used in this section:

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

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

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

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

26 (b) "Common area" includes, but is not limited to, a kitchen,
27 dining room, living room, fitness room, porch, hallway, laundry

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