

SENATE BILL No. 1260

September 11, 2012, Introduced by Senator HILDENBRAND 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 2012 PA 114.

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 for taxes levied before January 1,

1 2012 or, for taxes levied after December 31, 2011, on or before
2 June 1 for the immediately succeeding summer tax levy and all
3 subsequent tax levies or on or before November 1 for the
4 immediately succeeding winter tax levy and all subsequent tax
5 levies with the local tax collecting unit in which the property is
6 located. The affidavit shall state that the property is owned and
7 occupied as a principal residence by that owner of the property on
8 the date that the affidavit is signed. The affidavit shall be on a
9 form prescribed by the department of treasury. One copy of the
10 affidavit shall be retained by the owner, 1 copy shall be retained
11 by the local tax collecting unit until any appeal or audit period
12 under this act has expired, and 1 copy shall be forwarded to the
13 department of treasury pursuant to subsection (4), together with
14 all information submitted under subsection ~~(26)~~ **(27)** for a
15 cooperative housing corporation. The affidavit shall require the
16 owner claiming the exemption to indicate if that owner or that
17 owner's spouse has claimed another exemption on property in this
18 state that is not rescinded or a substantially similar exemption,
19 deduction, or credit on property in another state that is not
20 rescinded. If the affidavit requires an owner to include a social
21 security number, that owner's number is subject to the disclosure
22 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of
23 property filed an affidavit for an exemption under this section
24 before January 1, 2004, that affidavit shall be considered the
25 affidavit required under this subsection for a principal residence
26 exemption and that exemption shall remain in effect until rescinded
27 as provided in this section.

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

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

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

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

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

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

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

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

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

18 (5) Except as otherwise provided in this subsection, not more
19 than 90 days after exempted property is no longer used as a
20 principal residence by the owner claiming an exemption, that owner
21 shall rescind the claim of exemption by filing with the local tax
22 collecting unit a rescission form prescribed by the department of
23 treasury. If an owner is eligible for and claims an exemption for
24 that owner's current principal residence, that owner may retain an
25 exemption for not more than 3 tax years on property previously
26 exempt as his or her principal residence if that property is not
27 occupied, is for sale, is not leased, and is not used for any

1 business or commercial purpose by filing a conditional rescission
2 form prescribed by the department of treasury on or before May 1
3 with the local tax collecting unit. Beginning in the 2012 tax year,
4 subject to the payment requirement set forth in this subsection, if
5 a land contract vendor, bank, credit union, or other lending
6 institution owns property as a result of having foreclosed on that
7 property and that property had been exempt under this section
8 immediately preceding the foreclosure, that land contract vendor,
9 bank, credit union, or other lending institution may retain an
10 exemption on that property under this section if that property is
11 not occupied, is for sale, is not leased to any person other than
12 the person who claimed the exemption under this section immediately
13 preceding the foreclosure, and is not used for any business or
14 commercial purpose. A land contract vendor, bank, credit union, or
15 other lending institution may claim an exemption under this
16 subsection by filing a conditional rescission form prescribed by
17 the department of treasury with the local tax collecting unit
18 within the time period prescribed in subsection (2). Property is
19 eligible for a conditional rescission if that property is available
20 for lease and all other conditions under this subsection are met. A
21 copy of a conditional rescission form shall be forwarded to the
22 department of treasury according to a schedule prescribed by the
23 department of treasury. An owner or a land contract vendor, bank,
24 credit union, or other lending institution that files a conditional
25 rescission form shall annually verify to the assessor of the local
26 tax collecting unit on or before December 31 that the property for
27 which the principal residence exemption is retained is not

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

1 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211,
2 if an exemption had not been retained on that property, together
3 with an administration fee equal to the property tax administration
4 fee imposed under section 44. The payment required under this
5 subsection shall be collected by the local tax collecting unit at
6 the same time and in the same manner as taxes collected under this
7 act. The administration fee shall be retained by the local tax
8 collecting unit. The amount collected that the land contract
9 vendor, bank, credit union, or other lending institution would have
10 paid under section 1211 of the revised school code, 1976 PA 451,
11 MCL 380.1211, if an exemption had not been retained on that
12 property shall be distributed to the department of treasury for
13 deposit into the state school aid fund established in section 11 of
14 article IX of the state constitution of 1963. If a land contract
15 vendor, bank, credit union, or other lending institution transfers
16 ownership of property for which an exemption is retained under this
17 subsection, that land contract vendor, bank, credit union, or other
18 lending institution shall rescind the exemption as provided in this
19 section and shall notify the treasurer of the local tax collecting
20 unit of that transfer of ownership. If a land contract vendor,
21 bank, credit union, or other lending institution fails to make the
22 payment required under this subsection for any property, the local
23 tax collecting unit shall deny that conditional rescission and that
24 denial is retroactive and is effective on December 31 of the
25 immediately preceding year. If the local tax collecting unit denies
26 a conditional rescission, the local tax collecting unit shall
27 remove the exemption of the property and any additional taxes,

1 penalties, and interest shall be collected as provided in this
2 section.

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)~~—(24). 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)~~—(24). The denial shall be made on a form
26 prescribed by the department of treasury. If the property for which
27 the assessor has denied a claim for exemption under this subsection

1 is located 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)~~.—(24). However, if the property has been transferred to a bona
17 fide purchaser before additional taxes were billed to the seller as
18 a result of the denial of a claim for exemption, the taxes,
19 interest, and penalties shall not be a lien on the property and
20 shall not be billed to the bona fide purchaser, and the local tax
21 collecting unit if the local tax collecting unit has possession of
22 the tax roll or the county treasurer if the county has possession
23 of the tax roll shall notify the department of treasury of the
24 amount of tax due and interest through the date of that
25 notification. The department of treasury shall then assess the
26 owner who claimed the exemption under this section for the tax and
27 interest plus penalty accruing as a result of the denial of the

1 claim for exemption, if any, as for unpaid taxes provided under
2 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
3 penalty collected into the state school aid fund and shall
4 distribute any interest collected as provided in subsection
5 ~~(23)~~-(24).

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)~~. **(24)**. However, if the property has been
6 transferred to a bona fide purchaser before additional taxes were
7 billed to the seller as a result of the denial of a claim for
8 exemption, the taxes, interest, and penalties shall not be a lien
9 on the property and shall not be billed to the bona fide purchaser,
10 and the local tax collecting unit if the local tax collecting unit
11 has possession of the tax roll or the county treasurer if the
12 county has possession of the tax roll shall notify the department
13 of treasury of the amount of tax due and interest through the date
14 of that notification. The department of treasury shall then assess
15 the owner who claimed the exemption under this section for the tax
16 and 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 **(24)**. 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)~~—(24) 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)~~—(29), if
23 the principal residence is part of a unit in a multiple-unit
24 dwelling or a dwelling unit in a multiple-purpose structure, an
25 owner shall claim an exemption for only that portion of the total
26 taxable value of the property used as the principal residence of
27 that owner in a manner prescribed by the department of treasury. If

1 a portion of a parcel for which the owner claims an exemption is
2 used for a purpose other than as a principal residence, the owner
3 shall claim an exemption for only that portion of the taxable value
4 of the property used as the principal residence of that owner in a
5 manner 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) AN OWNER WHO OWNED AND OCCUPIED A PRINCIPAL RESIDENCE
7 WITHIN THE TIME PERIOD PRESCRIBED IN SUBSECTION (2) IN ANY YEAR
8 BEFORE THE 3 IMMEDIATELY PRECEDING TAX YEARS FOR WHICH THE
9 EXEMPTION WAS NOT ON THE TAX ROLL AS A RESULT OF AN ERROR ON THE
10 PART OF THE LOCAL TAX COLLECTING UNIT MAY FILE AN APPEAL FOR THOSE
11 TAX YEARS WITH THE DEPARTMENT OF TREASURY. THE APPEAL SHALL BE IN A
12 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY AND SHALL INCLUDE ALL
13 DOCUMENTATION THE DEPARTMENT OF TREASURY CONSIDERS NECESSARY TO
14 CONSIDER THE APPEAL. IF THE DEPARTMENT OF TREASURY DENIES AN
15 EXEMPTION UNDER THIS SUBSECTION, THE OWNER IS RESPONSIBLE FOR ALL
16 COSTS OF THE APPEAL AS DETERMINED BY THE DEPARTMENT OF TREASURY. IF
17 THE DEPARTMENT OF TREASURY GRANTS AN EXEMPTION UNDER THIS
18 SUBSECTION AND THE EXEMPTION RESULTS IN AN OVERPAYMENT OF THE TAX
19 IN THE YEARS UNDER APPEAL, THE DEPARTMENT OF TREASURY SHALL NOTIFY
20 THE COUNTY TREASURER OF THAT EXEMPTION. THE COUNTY TREASURER SHALL
21 PAY A REBATE, INCLUDING ANY INTEREST PAID, TO THE TAXPAYER WITHIN
22 30 DAYS OF THE DATE THE EXEMPTION IS GRANTED. THE REBATE SHALL BE
23 WITHOUT INTEREST.

24 (21) ~~(20)~~ If the assessor or treasurer of the local tax
25 collecting unit believes that the department of treasury
26 erroneously denied a claim for exemption, the assessor or treasurer
27 may submit written information supporting the owner's claim for

1 exemption to the department of treasury within 35 days of the
2 owner's receipt of the notice denying the claim for exemption. If,
3 after reviewing the information provided, the department of
4 treasury determines that the claim for exemption was erroneously
5 denied, the department of treasury shall grant the exemption and
6 the tax roll shall be amended to reflect the exemption.

7 (22) ~~(21)~~—If granting the exemption under this section results
8 in an overpayment of the tax, a rebate, including any interest
9 paid, shall be made to the taxpayer by the local tax collecting
10 unit if the local tax collecting unit has possession of the tax
11 roll or by the county treasurer if the county has possession of the
12 tax roll within 30 days of the date the exemption is granted. The
13 rebate shall be without interest. If an exemption for property
14 classified as timber-cutover real property is granted under this
15 section for the 2008 or 2009 tax year, the tax roll shall be
16 corrected and any delinquent and unpaid penalty, interest, and tax
17 resulting from that property not having been exempt under this
18 section for the 2008 or 2009 tax year shall be waived.

19 (23) ~~(22)~~—If an exemption under this section is erroneously
20 granted for an affidavit filed before October 1, 2003, an owner may
21 request in writing that the department of treasury withdraw the
22 exemption. The request to withdraw the exemption shall be received
23 not later than November 1, 2003. If an owner requests that an
24 exemption be withdrawn, the department of treasury shall issue an
25 order notifying the local assessor that the exemption issued under
26 this section has been denied based on the owner's request. If an
27 exemption is withdrawn, the property that had been subject to that

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

19 (24) ~~(23)~~ Subject to subsection ~~(24)~~, (25), interest at the
20 rate of 1.25% per month or fraction of a month collected under
21 subsection (6), (8), or (11) shall be distributed as follows:

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

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

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

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

27 (b) If the department of treasury denies the exemption under

1 this section, as follows:

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

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

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

5 (c) If the county treasurer or his or her designee or the
6 county equalization director or his or her designee denies the
7 exemption under this section, as follows:

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

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

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

11 **(25)** ~~(24)~~—Interest distributed under subsection ~~(23)~~—**(24)** is
12 subject to the following conditions:

13 (a) Interest distributed to a county shall be deposited into a
14 restricted fund to be used solely for the administration of
15 exemptions under this section. Money in that restricted fund shall
16 lapse to the county general fund on the December 31 in the year 3
17 years after the first distribution of interest to the county under
18 subsection ~~(23)~~—**(24)** and on each succeeding December 31 thereafter.

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

1 general fund. Money from the fund shall be expended, upon
2 appropriation, only for the purpose of auditing exemption
3 affidavits.

4 (26) ~~(25)~~—Interest distributed under subsection ~~(23)~~—(24) is
5 in addition to and shall not affect the levy or collection of the
6 county property tax administration fee established under this act.

7 (27) ~~(26)~~—A cooperative housing corporation is entitled to a
8 full or partial exemption under this section for the tax year in
9 which the cooperative housing corporation files all of the
10 following with the local tax collecting unit in which the
11 cooperative housing corporation is located if filed on or before
12 May 1:

13 (a) An affidavit form.

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

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

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

1 (28) ~~(27)~~—Before May 1, 2004 and before May 1, 2005, the
 2 treasurer of each county shall forward to the department of
 3 education a statement of the taxable value of each school district
 4 and fraction of a school district within the county for the
 5 preceding 4 calendar years. This requirement is in addition to the
 6 requirement set forth in section 151 of the state school aid act of
 7 1979, 1979 PA 94, MCL 388.1751.

8 (29) ~~(28)~~—For a parcel of property open and available for use
 9 as a bed and breakfast, the portion of the taxable value of the
 10 property used as a principal residence under subsection (16) shall
 11 be calculated in the following manner:

12 (a) Add all of the following:

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

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

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

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

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

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

3 (30) ~~(29)~~—The owner claiming an exemption under this section
4 for property open and available as a bed and breakfast shall file
5 an affidavit claiming the exemption on or before May 1 with the
6 local tax collecting unit in which the property is located. The
7 affidavit shall be in a form prescribed by the department of
8 treasury.

9 (31) ~~(30)~~—As used in this section:

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

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

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

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

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