

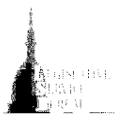
HOUSE BILL NO. 5841

June 09, 2020, Introduced by Reps. Sowerby, Kuppa and Ellison and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2018 PA 633.

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, **and except as otherwise provided**



1 **in subsection (34)**, the status of property as a principal residence
2 shall be determined on the date an affidavit claiming an exemption
3 is filed under subsection (2).

4 (2) Except as otherwise provided in subsection (5), an owner
5 of property may claim 1 exemption under this section by filing an
6 affidavit on or before May 1 for taxes levied before January 1,
7 2012 or, for taxes levied after December 31, 2011, **except as**
8 **otherwise provided in subsection (34)**, on or before June 1 for the
9 immediately succeeding summer tax levy and all subsequent tax
10 levies or on or before November 1 for the immediately succeeding
11 winter tax levy and all subsequent tax levies with the local tax
12 collecting unit in which the property is located. The affidavit
13 shall state that the property is owned and occupied as a principal
14 residence by that owner of the property on the date that the
15 affidavit is signed and shall state that the owner has not claimed
16 a substantially similar exemption, deduction, or credit on property
17 in another state. The affidavit shall be on a form prescribed by
18 the department of treasury. One copy of the affidavit shall be
19 retained by the owner and 1 copy shall be retained by the local tax
20 collecting unit, together with all information submitted under
21 subsection (28) for a cooperative housing corporation. The local
22 tax collecting unit shall forward to the department of treasury a
23 copy of the affidavit and any information submitted under
24 subsection (28) upon a request from the department of treasury. The
25 affidavit shall require the owner claiming the exemption to
26 indicate if that owner or that owner's spouse has claimed another
27 exemption on property in this state that is not rescinded or a
28 substantially similar exemption, deduction, or credit on property
29 in another state that is not rescinded. If the affidavit requires

1 an owner to include a ~~social security~~ **Social Security** number, that
2 owner's number is subject to the disclosure restrictions in 1941 PA
3 122, MCL 205.1 to 205.31. If an owner of property filed an
4 affidavit for an exemption under this section before January 1,
5 2004, that affidavit shall be considered the affidavit required
6 under this subsection for a principal residence exemption and that
7 exemption shall remain in effect until rescinded as provided in
8 this section.

9 (3) Except as otherwise provided in subsection (5), a married
10 couple who are required to file or who do file a joint Michigan
11 income tax return are entitled to not more than 1 exemption under
12 this section. For taxes levied after December 31, 2002, a person is
13 not entitled to an exemption under this section in any calendar
14 year in which any of the following conditions occur:

15 (a) That person has claimed a substantially similar exemption,
16 deduction, or credit, regardless of amount, on property in another
17 state. Upon request by the department of treasury, the assessor of
18 the local tax collecting unit, the county treasurer or his or her
19 designee, or the county equalization director or his or her
20 designee, a person who claims an exemption under this section
21 shall, within 30 days, file an affidavit on a form prescribed by
22 the department of treasury stating that the person has not claimed
23 a substantially similar exemption, deduction, or credit on property
24 in another state. A claim for a substantially similar exemption,
25 deduction, or credit in another state occurs at the time of the
26 filing or granting of a substantially similar exemption, deduction,
27 or credit in another state. If the assessor of the local tax
28 collecting unit, the department of treasury, or the county denies
29 an existing claim for exemption under this section, an owner of the



1 property subject to that denial cannot rescind a substantially
2 similar exemption, deduction, or credit claimed in another state in
3 order to qualify for the exemption under this section for any of
4 the years denied. If a person claims an exemption under this
5 section and a substantially similar exemption, deduction, or credit
6 in another state, that person is subject to a penalty of \$500.00.
7 The penalty shall be distributed in the same manner as interest is
8 distributed under subsection (25).

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

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

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

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

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

29 (ii) That person has rescinded an exemption under this section

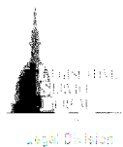


1 on other property, which exemption remains in effect for that tax
2 year, and there has not been a transfer of ownership of that
3 property.

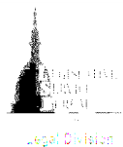
4 (4) Upon receipt of an affidavit filed under subsection (2) **or**
5 **(34)** and unless the claim is denied under this section, the
6 assessor shall exempt the property from the collection of the tax
7 levied by a local school district for school operating purposes to
8 the extent provided under section 1211 of the revised school code,
9 1976 PA 451, MCL 380.1211, as provided in subsection (1) until
10 December 31 of the year in which the property is transferred or,
11 except as otherwise provided in subsections (5), (32), and (33), is
12 no longer a principal residence as defined in section 7dd, or the
13 owner is no longer entitled to an exemption as provided in
14 subsection (3).

15 (5) Except as otherwise provided in this subsection and
16 subsections (32) and (33), not more than 90 days after exempted
17 property is no longer used as a principal residence by the owner
18 claiming an exemption, that owner shall rescind the claim of
19 exemption by filing with the local tax collecting unit a rescission
20 form prescribed by the department of treasury. The local tax
21 collecting unit shall retain the rescission form and shall forward
22 a copy of it to the department of treasury upon a request from the
23 department of treasury. If an owner is eligible for and claims an
24 exemption for that owner's current principal residence, that owner
25 may retain an exemption for not more than 3 tax years on property
26 previously exempt as his or her principal residence if that
27 property is not occupied, is for sale, is not leased, and is not
28 used for any business or commercial purpose by filing a conditional
29 rescission form prescribed by the department of treasury with the

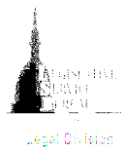
1 local tax collecting unit within the time period prescribed in
2 subsection (2). Beginning in the 2012 tax year, subject to the
3 payment requirement set forth in this subsection, if a land
4 contract vendor, bank, credit union, or other lending institution
5 owns property as a result of a foreclosure or forfeiture of a
6 recorded instrument under chapter 31, 32, or 57 of the revised
7 judicature act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and
8 MCL 600.5701 to 600.5759, or through deed or conveyance in lieu of
9 a foreclosure or forfeiture on that property and that property had
10 been exempt under this section immediately preceding the
11 foreclosure, that land contract vendor, bank, credit union, or
12 other lending institution may retain an exemption on that property
13 at the same percentage of exemption that the property previously
14 had under this section if that property is not occupied other than
15 by the person who claimed the exemption under this section
16 immediately preceding the foreclosure or forfeiture, is for sale,
17 is not leased to any person other than the person who claimed the
18 exemption under this section immediately preceding the foreclosure,
19 and is not used for any business or commercial purpose. A land
20 contract vendor, bank, credit union, or other lending institution
21 may claim an exemption under this subsection by filing a
22 conditional rescission form prescribed by the department of
23 treasury with the local tax collecting unit within the time period
24 prescribed in subsection (2). Property is eligible for a
25 conditional rescission if that property is available for lease and
26 all other conditions under this subsection are met. A copy of a
27 conditional rescission form shall be forwarded to the department of
28 treasury according to a schedule prescribed by the department of
29 treasury. An owner or a land contract vendor, bank, credit union,



1 or other lending institution that files a conditional rescission
2 form shall annually verify to the assessor of the local tax
3 collecting unit on or before December 31 that the property for
4 which the principal residence exemption is retained is not occupied
5 other than by the person who claimed the exemption under this
6 section immediately preceding the foreclosure or forfeiture, is for
7 sale, is not leased except as otherwise provided in this section,
8 and is not used for any business or commercial purpose. The land
9 contract vendor, bank, credit union, or other lending institution
10 may retain the exemption authorized under this section for not more
11 than 3 tax years. If an owner or a land contract vendor, bank,
12 credit union, or other lending institution does not annually verify
13 by December 31 that the property for which the principal residence
14 exemption is retained is not occupied other than by the person who
15 claimed the exemption under this section immediately preceding the
16 foreclosure or forfeiture, is for sale, is not leased except as
17 otherwise provided in this section, and is not used for any
18 business or commercial purpose, the assessor of the local tax
19 collecting unit shall deny the principal residence exemption on
20 that property. Except as otherwise provided in this section, if
21 property subject to a conditional rescission is leased, the local
22 tax collecting unit shall deny that conditional rescission and that
23 denial is retroactive and is effective on December 31 of the year
24 immediately preceding the year in which the property subject to the
25 conditional rescission is leased. An owner who fails to file a
26 rescission as required by this subsection is subject to a penalty
27 of \$5.00 per day for each separate failure beginning after the 90
28 days have elapsed, up to a maximum of \$200.00. This penalty shall
29 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be



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



1 transfer of ownership. If a land contract vendor, bank, credit
2 union, or other lending institution fails to make the payment
3 required under this subsection for any property within the period
4 for which property taxes are due and payable without penalty, the
5 local tax collecting unit shall deny that conditional rescission
6 and that denial is retroactive and is effective on December 31 of
7 the immediately preceding year. If the local tax collecting unit
8 denies a conditional rescission, the local tax collecting unit
9 shall remove the exemption of the property and the amount due from
10 the land contract vendor, bank, credit union, or other lending
11 institution shall be a tax so that the additional taxes, penalties,
12 and interest shall be collected as provided for in this section. If
13 payment of the tax under this subsection is not made by the March 1
14 following the levy of the tax, the tax shall be turned over to the
15 county treasurer and collected in the same manner as delinquent
16 taxes under this act. An owner of property who previously occupied
17 that property as his or her principal residence but now resides in
18 a nursing home, assisted living facility, or, if residing there
19 solely for purposes of convalescence, any other location may retain
20 an exemption on that property if the owner manifests an intent to
21 return to that property by satisfying all of the following
22 conditions:

23 (a) The owner continues to own that property while residing in
24 the nursing home, assisted living facility, or other location.

25 (b) The owner has not established a new principal residence.

26 (c) The owner maintains or provides for the maintenance of
27 that property while residing in the nursing home, assisted living
28 facility, or other location.

29 (d) That property is not leased and is not used for any

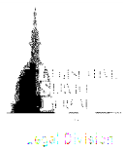


1 business or commercial purpose.

2 (6) Except as otherwise provided in subsections (5), (32), and
3 (33), if the assessor of the local tax collecting unit believes
4 that the property for which an exemption is claimed is not the
5 principal residence of the owner claiming the exemption, the
6 assessor may deny a new or existing claim by notifying the owner
7 and the department of treasury in writing of the reason for the
8 denial and advising the owner that the denial may be appealed to
9 the residential and small claims division of the Michigan tax
10 tribunal within 35 days after the date of the notice. The assessor
11 may deny a claim for exemption for the current year and for the 3
12 immediately preceding calendar years. If the assessor denies an
13 existing claim for exemption, the assessor shall remove the
14 exemption of the property and, if the tax roll is in the local tax
15 collecting unit's possession, amend the tax roll to reflect the
16 denial and the local treasurer shall within 30 days of the date of
17 the denial issue a corrected tax bill for any additional taxes with
18 interest at the rate of 1.25% per month or fraction of a month and
19 penalties computed from the date the taxes were last payable
20 without interest or penalty. If the tax roll is in the county
21 treasurer's possession, the tax roll shall be amended to reflect
22 the denial and the county treasurer shall within 30 days of the
23 date of the denial prepare and submit a supplemental tax bill for
24 any additional taxes, together with interest at the rate of 1.25%
25 per month or fraction of a month and penalties computed from the
26 date the taxes were last payable without interest or penalty.
27 Interest on any tax set forth in a corrected or supplemental tax
28 bill shall again begin to accrue 60 days after the date the
29 corrected or supplemental tax bill is issued at the rate of 1.25%



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

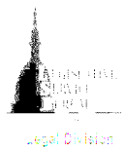


1 (7) If the assessor of the local tax collecting unit believes
2 that the property for which the exemption is claimed is not the
3 principal residence of the owner claiming the exemption and has not
4 denied the claim, the assessor shall include a recommendation for
5 denial with any affidavit that 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.
11 Except as otherwise provided in subsection (21), the department of
12 treasury may review the validity of exemptions for the current
13 calendar year and for the 3 immediately preceding calendar years.
14 Except as otherwise provided in subsections (5), (32), and (33), if
15 the department of treasury determines that the property is not the
16 principal residence of the owner claiming the exemption, the
17 department shall send a notice of that determination to the local
18 tax collecting unit and to the owner of the property claiming the
19 exemption, indicating that the claim for exemption is denied,
20 stating the reason for the denial, and advising the owner claiming
21 the exemption of the right to appeal the determination to the
22 department of treasury and what those rights of appeal are. The
23 department of treasury may issue a notice denying a claim if an
24 owner fails to respond within 30 days of receipt of a request for
25 information from that department. An owner may appeal the denial of
26 a claim of exemption to the department of treasury within 35 days
27 of receipt of the notice of denial. An appeal to the department of
28 treasury shall be conducted according to the provisions for an
29 informal conference in section 21 of 1941 PA 122, MCL 205.21.



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



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

24 (9) The department of treasury may enter into an agreement
25 regarding the implementation or administration of subsection (8)
26 with the assessor of any local tax collecting unit in a county that
27 has not elected to audit exemptions claimed under this section as
28 provided in subsection (10). The agreement may specify that for a
29 period of time, not to exceed 120 days, the department of treasury

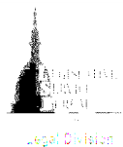


1 will not deny an exemption identified by the department of treasury
2 in the list provided under subsection (11).

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

29 (11) If a county elects to audit the exemptions claimed under

1 this section as provided in subsection (10) and the county
2 treasurer or his or her designee or the county equalization
3 director or his or her designee believes that the property for
4 which an exemption is claimed is not the principal residence of the
5 owner claiming the exemption, the county treasurer or his or her
6 designee or the county equalization director or his or her designee
7 may, except as otherwise provided in subsections (5), (32), and
8 (33), deny an existing claim by notifying the owner, the assessor
9 of the local tax collecting unit, and the department of treasury in
10 writing of the reason for the denial and advising the owner that
11 the denial may be appealed to the residential and small claims
12 division of the Michigan tax tribunal within 35 days after the date
13 of the notice. The county treasurer or his or her designee or the
14 county equalization director or his or her designee may deny a
15 claim for exemption for the current year and for the 3 immediately
16 preceding calendar years. If the county treasurer or his or her
17 designee or the county equalization director or his or her designee
18 denies an existing claim for exemption, the county treasurer or his
19 or her designee or the county equalization director or his or her
20 designee shall direct the assessor of the local tax collecting unit
21 in which the property is located to remove the exemption of the
22 property from the assessment roll and, if the tax roll is in the
23 local tax collecting unit's possession, direct the assessor of the
24 local tax collecting unit to amend the tax roll to reflect the
25 denial and the treasurer of the local tax collecting unit shall
26 within 30 days of the date of the denial issue a corrected tax bill
27 for any additional taxes with interest at the rate of 1.25% per
28 month or fraction of a month and penalties computed from the date
29 the taxes were last payable without interest and penalty. If the



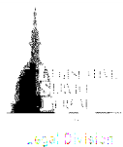
1 tax roll is in the county treasurer's possession, the tax roll
2 shall be amended to reflect the denial and the county treasurer
3 shall within 30 days of the date of the denial prepare and submit a
4 supplemental tax bill for any additional taxes, together with
5 interest at the rate of 1.25% per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



1 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
 2 penalty collected into the state school aid fund and shall
 3 distribute any interest collected as provided in subsection (25).
 4 The department of treasury shall annually provide the county
 5 treasurer or his or her designee or the county equalization
 6 director or his or her designee a list of parcels of property
 7 located in that county for which an exemption may be erroneously
 8 claimed. The county treasurer or his or her designee or the county
 9 equalization director or his or her designee shall forward copies
 10 of the list provided by the department of treasury to each assessor
 11 in each local tax collecting unit in that county within 10 days of
 12 receiving the list.

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

21 (13) An owner may appeal a denial by the assessor of the local
 22 tax collecting unit under subsection (6), a final decision of the
 23 department of treasury under subsection (8), ~~or~~ a denial by the
 24 county treasurer or his or her designee or the county equalization
 25 director or his or her designee under subsection (11), **or a denial**
 26 **by the board of review under subsection (34)** to the residential and
 27 small claims division of the Michigan tax tribunal within 35 days
 28 of that decision. An owner is not required to pay the amount of tax
 29 in dispute in order to appeal a denial of a claim of exemption to



1 the department of treasury or to receive a final determination of
2 the residential and small claims division of the Michigan tax
3 tribunal. However, interest at the rate of 1.25% per month or
4 fraction of a month and penalties shall accrue and be computed from
5 the date the taxes were last payable without interest and penalty.
6 If the residential and small claims division of the Michigan tax
7 tribunal grants an owner's appeal of a denial and that owner has
8 paid the interest due as a result of a denial under subsection (6),
9 (8), or (11), the interest received after a distribution was made
10 under subsection (25) shall be refunded.

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

17 (15) Except as otherwise provided in subsection (5), an
18 affidavit filed by an owner for the exemption under this section
19 rescinds all previous exemptions filed by that owner for any other
20 property. The department of treasury shall notify the assessor of
21 the local tax collecting unit in which the property for which a
22 previous exemption was claimed is located if the previous exemption
23 is rescinded by the subsequent affidavit. When an exemption is
24 rescinded as provided in subsection (5), the assessor of the local
25 tax collecting unit shall remove the exemption effective December
26 31 of the year in which the affidavit was filed that rescinded the
27 exemption. For any year for which the rescinded exemption has not
28 been removed from the tax roll, the exemption shall be denied as
29 provided in this section. However, interest and penalty shall not

1 be imposed for a year for which a rescission form has been timely
2 filed under subsection (5).

3 (16) Except as otherwise provided in subsection (30), if the
4 principal residence is part of a unit in a multiple-unit dwelling
5 or a dwelling unit in a multiple-purpose structure, an owner shall
6 claim an exemption for only that portion of the total taxable value
7 of the property used as the principal residence of that owner in a
8 manner prescribed by the department of treasury. If a portion of a
9 parcel for which the owner claims an exemption is used for a
10 purpose other than as a principal residence, the owner shall claim
11 an exemption for only that portion of the taxable value of the
12 property used as the principal residence of that owner in a manner
13 prescribed by the department of treasury.

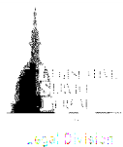
14 (17) When a county register of deeds records a transfer of
15 ownership of a property, he or she shall notify the local tax
16 collecting unit in which the property is located of the transfer.

17 (18) The department of treasury shall make available the
18 affidavit forms and the forms to rescind an exemption, which may be
19 on the same form, to all city and township assessors, county
20 equalization officers, county registers of deeds, and closing
21 agents. A person who prepares a closing statement for the sale of
22 property shall provide affidavit and rescission forms to the buyer
23 and seller at the closing and, if requested by the buyer or seller
24 after execution by the buyer or seller, shall file the forms with
25 the local tax collecting unit in which the property is located. If
26 a closing statement preparer fails to provide exemption affidavit
27 and rescission forms to the buyer and seller, or fails to file the
28 affidavit and rescission forms with the local tax collecting unit
29 if requested by the buyer or seller, the buyer may appeal to the



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

14 (19) An owner who owned and occupied a principal residence on
15 May 1 for taxes levied before January 1, 2012 for which the
16 exemption was not on the tax roll may file an appeal with the July
17 board of review or December board of review in the year for which
18 the exemption was claimed or the immediately succeeding 3 years.
19 For taxes levied after December 31, 2011, an owner who owned and
20 occupied a principal residence on June 1 or November 1 for which
21 the exemption was not on the tax roll, or an owner of property who
22 previously occupied that property as his or her principal residence
23 but did not occupy that property on June 1 or November 1 while
24 residing in a nursing home, assisted living facility, or other
25 location under the circumstances described in subsection (5)(a) to
26 (d), while absent on active duty as a member of any branch of the
27 Armed Forces of the United States, including the Coast Guard, a
28 reserve component of any branch of the Armed Forces of the United
29 States, or the National Guard, under the circumstances described in



1 subsection (32)(a) to (d), or while absent due to the damage or
2 destruction of the principal residence under the circumstances
3 described in subsection (33)(a) to (d), for which the exemption was
4 not on the tax roll, may file an appeal with the July board of
5 review or December board of review in the year for which the
6 exemption was claimed or the immediately succeeding 3 years. If an
7 appeal of a claim for exemption that was not on the tax roll is
8 received not later than 5 days before the date of the December
9 board of review, the local tax collecting unit shall convene a
10 December board of review and consider the appeal pursuant to this
11 section and section 53b.

12 (20) An owner who owned and occupied a principal residence
13 within the time period prescribed in subsection (2) in any year
14 before the 3 immediately preceding tax years for which the
15 exemption was not on the tax roll as a result of a qualified error
16 on the part of the local tax collecting unit may file a request for
17 the exemption for those tax years with the department of treasury.
18 The request for the exemption shall be in a form prescribed by the
19 department of treasury and shall include all documentation the
20 department of treasury considers necessary to consider the request
21 and to correct any affected official records if a qualified error
22 on the part of the local tax collecting unit is recognized and an
23 exemption is granted. If the department of treasury denies a
24 request for the exemption under this subsection, the owner is
25 responsible for all costs related to the request as determined by
26 the department of treasury. If the department of treasury grants a
27 request for the exemption under this subsection and the exemption
28 results in an overpayment of the tax in the years under
29 consideration, the department of treasury shall notify the



1 treasurer of the local tax collecting unit, the county treasurer,
2 and other affected officials of the error and the granting of the
3 request for the exemption and all affected official records shall
4 be corrected consistent with guidance provided by the department of
5 treasury. If granting the request for the exemption results in an
6 overpayment, a rebate, including any interest paid by the owner,
7 shall be paid to the owner within 30 days of the receipt of the
8 notice. A rebate shall be without interest. The treasurer in
9 possession of the appropriate tax roll may deduct the rebate from
10 the appropriate tax collecting unit's subsequent distribution of
11 taxes. The treasurer in possession of the appropriate tax roll
12 shall bill to the appropriate tax collecting unit the tax
13 collecting unit's share of taxes rebated. A local tax collecting
14 unit responsible for a qualified error under this subsection shall
15 reimburse each county treasurer and other affected local official
16 required to correct official records under this subsection for the
17 costs incurred in complying with this subsection.

18 (21) If an owner of property received a principal residence
19 exemption to which that owner was not entitled in any year before
20 the 3 immediately preceding tax years, as a result of a qualified
21 error on the part of the local tax collecting unit, the department
22 of treasury may deny the principal residence exemption as provided
23 in subsection (8). If the department of treasury denies an
24 exemption under this subsection, the owner shall be issued a
25 corrected or supplemental tax bill as provided in subsection (8),
26 except interest shall not accrue until 60 days after the date the
27 corrected or supplemental tax bill is issued. A local tax
28 collecting unit responsible for a qualified error under this
29 subsection shall reimburse each county treasurer and other affected



1 local official required to correct official records under this
2 subsection for the costs incurred in complying with this
3 subsection.

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

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

26 (24) If an exemption under this section is erroneously granted
27 for an affidavit filed before October 1, 2003, an owner may request
28 in writing that the department of treasury withdraw the exemption.
29 The request to withdraw the exemption shall be received not later

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

24 (25) Subject to subsection (26), interest at the rate of 1.25%
25 per month or fraction of a month collected under subsection (6),
26 (8), or (11) shall be distributed as follows:

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

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



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

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

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

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

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

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

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

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

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

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

14 (26) Interest distributed under subsection (25) is subject to
15 the following conditions:

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

22 (b) Interest distributed to the department of treasury shall
23 be deposited into the principal residence property tax exemption
24 audit fund, which is created within the state treasury. The state
25 treasurer may receive money or other assets from any source for
26 deposit into the fund. The state treasurer shall direct the
27 investment of the fund. The state treasurer shall credit to the
28 fund interest and earnings from fund investments. Money in the fund
29 shall be considered a work project account and at the close of the

1 fiscal year shall remain in the fund and shall not lapse to the
2 general fund. Money from the fund shall be expended, upon
3 appropriation, only for the purpose of auditing exemption
4 affidavits.

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

8 (28) A cooperative housing corporation is entitled to a full
9 or partial exemption under this section for the tax year in which
10 the cooperative housing corporation files all of the following with
11 the local tax collecting unit in which the cooperative housing
12 corporation is located if filed within the time period prescribed
13 in subsection (2):

14 (a) An affidavit form.

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

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

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

29 (29) Before May 1, 2004 and before May 1, 2005, the treasurer



1 of each county shall forward to the department of education a
2 statement of the taxable value of each school district and fraction
3 of a school district within the county for the preceding 4 calendar
4 years. This requirement is in addition to the requirement set forth
5 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
6 388.1751.

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

11 (a) Add all of the following:

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

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

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

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

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

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

29 (31) The owner claiming an exemption under this section for



1 property open and available as a bed and breakfast shall file an
2 affidavit claiming the exemption within the time period prescribed
3 in subsection (2) with the local tax collecting unit in which the
4 property is located. The affidavit shall be in a form prescribed by
5 the department of treasury.

6 (32) An owner of property who previously occupied that
7 property as his or her principal residence but now is absent while
8 on active duty as a member of any branch of the Armed Forces of the
9 United States, including the Coast Guard, a reserve component of
10 any branch of the Armed Forces of the United States, or the
11 National Guard, may retain an exemption on that property if the
12 owner manifests an intent to return to that property by satisfying
13 all of the following conditions:

14 (a) The owner continues to own that property while absent on
15 active duty as a member of any branch of the Armed Forces of the
16 United States, including the Coast Guard, a reserve component of
17 any branch of the Armed Forces of the United States, or the
18 National Guard.

19 (b) The owner has not established a new principal residence.

20 (c) The owner maintains or provides for the maintenance of
21 that property while absent on active duty as a member of any branch
22 of the Armed Forces of the United States, including the Coast
23 Guard, a reserve component of any branch of the Armed Forces of the
24 United States, or the National Guard.

25 (d) That property is not used for any business or commercial
26 purpose except as provided in section 7dd(c).

27 (33) If an owner of property who previously claimed and
28 occupied the property as his or her principal residence has vacated
29 because the principal residence was damaged or destroyed by an



1 accident, act of God, or act of another person without the owner's
 2 consent, including, but not limited to, a fire caused by accident,
 3 act of God, or act of another person without the owner's consent,
 4 that owner may retain an exemption on that property for not longer
 5 than the tax year during which the damage or destruction occurred
 6 and the immediately succeeding 2 tax years if the owner manifests
 7 an intent to return to that property by satisfying all of the
 8 following conditions:

9 (a) The owner continues to own that property while absent
 10 because of the damage or destruction of the principal residence.

11 (b) The owner has not established a new principal residence.

12 (c) The owner provides for the reconstruction of the principal
 13 residence for purposes of occupying it upon its completion as his
 14 or her principal residence.

15 (d) The property is not occupied, is not leased, and is not
 16 used for any business or commercial purpose.

17 **(34) Notwithstanding any provision of this section to the**
 18 **contrary, a principal residence that is qualified new residential**
 19 **construction property is exempt from the tax levied by a local**
 20 **school district for school operating purposes under subsection (1),**
 21 **subject to all of the following:**

22 (a) If the property was first occupied by its owner as the
 23 owner's principal residence after December 31, 2019 and before July
 24 2, 2020, both of the following:

25 (i) The owner may claim an exemption under this section by
 26 filing an affidavit with the local tax collecting unit for
 27 submission to the board of review for the board's consideration at
 28 its July 2020 meeting. The affidavit must be on a form prescribed
 29 by the department of treasury, and it must include all of the



1 information required in an affidavit filed under subsection (2), in
2 addition to a statement that the owner was the property's first
3 occupant after the construction of the owner's new dwelling on the
4 property, and that this occupancy began after December 31, 2019 and
5 before July 2, 2020.

6 (ii) The board of review shall approve the application at its
7 July 2020 meeting if it determines that the property is qualified
8 new residential construction property first occupied by the owner
9 applying for the exemption after December 31, 2019 and before July
10 2, 2020.

11 (b) If the property was first occupied by its owner as the
12 owner's principal residence after July 1, 2020 and before December
13 2, 2020, both of the following:

14 (i) The owner may claim an exemption under this section by
15 filing an affidavit with the local tax collecting unit for
16 submission to the board of review for the board's consideration at
17 its December 2020 meeting. The affidavit must be on a form
18 prescribed by the department of treasury, and it must include all
19 of the information required in an affidavit filed under subsection
20 (2), in addition to a statement that the owner was the property's
21 first occupant after the construction of the owner's new dwelling
22 on the property, and that this occupancy began after July 1, 2020
23 and before December 2, 2020.

24 (ii) The board of review shall approve the application at its
25 December 2020 meeting if it determines that the property is
26 qualified new residential construction property first occupied by
27 the owner applying for the exemption after July 1, 2020 and before
28 December 2, 2020.

29 (c) If the board of review approves an application under

1 subdivision (a) (ii) or (b) (ii) , the exemption applies to all tax
 2 levies after December 31, 2019 until rescinded under this section,
 3 and, if necessary, the board of review shall, in the time and
 4 manner described in section 53b(1) , file an affidavit with the
 5 proper officials and all affected official records must be
 6 corrected. If the approval results in an overpayment, a rebate must
 7 be made in the time and manner described in section 53b(1) . For the
 8 purpose of determining the person entitled to a rebate, if any, the
 9 board of review shall defer to the taxpayer designation, if any,
 10 provided in any relevant closing documents by which the property
 11 was obtained by the owner applying for the exemption.

12 (d) If the board of review believes that the property for
 13 which an affidavit claiming an exemption is filed under this
 14 subsection is not qualified new residential construction property
 15 first occupied by the owner applying for the exemption within the
 16 requisite time frame, the board shall deny the application by
 17 notifying the owner in writing of the reason for the denial and
 18 advising the owner that the denial may be appealed to the
 19 residential and small claims division of the Michigan tax tribunal
 20 within 35 days after the date of the notice.

21 (35) ~~(34)~~ As used in this section:

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

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

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

29 (iii) Has a smoke detector in proper working order in each



1 sleeping room and a fire extinguisher in proper working order on
2 each floor.

3 (b) "Business or commercial purpose" means commercial purpose
4 as that term is defined in section 27a.

5 (c) "Common area" includes, but is not limited to, a kitchen,
6 dining room, living room, fitness room, porch, hallway, laundry
7 room, or bathroom that is available for use by guests of a bed and
8 breakfast or, unless guests are specifically prohibited from access
9 to the area, an area that is used to provide a service to guests of
10 a bed and breakfast.

11 (d) "Qualified error" means that term as defined in section
12 53b.

13 (e) **"Qualified new residential construction property" means**
14 **residential real property on which there is constructed a new**
15 **dwelling that, after construction, was first occupied by the**
16 **property's owner as the owner's principal residence after December**
17 **31, 2019 and before December 2, 2020.**

18 Enacting section 1. An amount equal to all revenue lost to the
19 state school aid fund as a result of this amendatory act, as
20 determined by the department of treasury, must be deposited into
21 the state school aid fund. As used in this enacting section, "the
22 state school aid fund" means the state school aid fund established
23 in section 11 of article IX of the state constitution of 1963.

