

SENATE BILL NO. 403

April 28, 2021, Introduced by Senator WOJNO 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 2020 PA 96.

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

1 claims an exemption as provided in this section. Notwithstanding
2 the tax day provided in section 2, the status of property as a
3 principal residence shall be determined on the date an affidavit
4 claiming an exemption is filed under subsection (2).

5 (2) Except as otherwise provided in subsection (5), an owner
6 of property may claim 1 exemption under this section by filing an
7 affidavit on or before May 1 for taxes levied before January 1,
8 2012 or, for taxes levied after December 31, 2011, on or before
9 June 1 for the immediately succeeding summer tax levy and all
10 subsequent tax levies or on or before November 1 for the
11 immediately succeeding winter tax levy and all subsequent tax
12 levies with the local tax collecting unit in which the property is
13 located. For the 2020 tax year only, an owner may claim 1 exemption
14 under this section by filing an affidavit on or before June 30,
15 2020 for the 2020 summer tax levy and all subsequent tax levies
16 with the local tax collecting unit in which the property is
17 located. The affidavit shall state that the property is owned and
18 occupied as a principal residence by that owner of the property on
19 the date that the affidavit is signed and shall state that the
20 owner has not claimed a substantially similar exemption, deduction,
21 or credit on property in another state. The affidavit shall be on a
22 form prescribed by the department of treasury. One copy of the
23 affidavit shall be retained by the owner and 1 copy shall be
24 retained by the local tax collecting unit, together with all
25 information submitted under subsection (28) for a cooperative
26 housing corporation. The local tax collecting unit shall forward to
27 the department of treasury a copy of the affidavit and any
28 information submitted under subsection (28) upon a request from the
29 department of treasury. The affidavit shall require the owner

1 claiming the exemption to indicate if that owner or that owner's
2 spouse has claimed another exemption on property in this state that
3 is not rescinded or a substantially similar exemption, deduction,
4 or credit on property in another state that is not rescinded. If
5 the affidavit requires an owner to include a Social Security
6 number, that owner's number is subject to the disclosure
7 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of
8 property filed an affidavit for an exemption under this section
9 before January 1, 2004, that affidavit shall be considered the
10 affidavit required under this subsection for a principal residence
11 exemption and that exemption shall remain in effect until rescinded
12 as provided in this section.

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

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

1 filing or granting of a substantially similar exemption, deduction,
2 or credit in another state. If the assessor of the local tax
3 collecting unit, the department of treasury, or the county denies
4 an existing claim for exemption under this section, an owner of the
5 property subject to that denial cannot rescind a substantially
6 similar exemption, deduction, or credit claimed in another state in
7 order to qualify for the exemption under this section for any of
8 the years denied. If a person claims an exemption under this
9 section and a substantially similar exemption, deduction, or credit
10 in another state, that person is subject to a penalty of \$500.00.
11 The penalty shall be distributed in the same manner as interest is
12 distributed under subsection (25).

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

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

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

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

1 the following conditions is satisfied:

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

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

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

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

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

1 conditional rescission form shall be forwarded to the department of
2 treasury according to a schedule prescribed by the department of
3 treasury. An owner or a land contract vendor, bank, credit union,
4 or other lending institution that files a conditional rescission
5 form shall annually verify to the assessor of the local tax
6 collecting unit on or before December 31 that the property for
7 which the principal residence exemption is retained is not occupied
8 other than by the person who claimed the exemption under this
9 section immediately preceding the foreclosure or forfeiture, is for
10 sale, is not leased except as otherwise provided in this section,
11 and is not used for any business or commercial purpose. The land
12 contract vendor, bank, credit union, or other lending institution
13 may retain the exemption authorized under this section for not more
14 than 3 tax years. If an owner or a land contract vendor, bank,
15 credit union, or other lending institution does not annually verify
16 by December 31 that the property for which the principal residence
17 exemption is retained is not occupied other than by the person who
18 claimed the exemption under this section immediately preceding the
19 foreclosure or forfeiture, is for sale, is not leased except as
20 otherwise provided in this section, and is not used for any
21 business or commercial purpose, the assessor of the local tax
22 collecting unit shall deny the principal residence exemption on
23 that property. Except as otherwise provided in this section, if
24 property subject to a conditional rescission is leased, the local
25 tax collecting unit shall deny that conditional rescission and that
26 denial is retroactive and is effective on December 31 of the year
27 immediately preceding the year in which the property subject to the
28 conditional rescission is leased. An owner who fails to file a
29 rescission as required by this subsection is subject to a penalty

1 of \$5.00 per day for each separate failure beginning after the 90
2 days have elapsed, up to a maximum of \$200.00. This penalty shall
3 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
4 deposited in the state school aid fund established in section 11 of
5 article IX of the state constitution of 1963. This penalty may be
6 waived by the department of treasury. If a land contract vendor,
7 bank, credit union, or other lending institution retains an
8 exemption on property under this subsection, that land contract
9 vendor, bank, credit union, or other lending institution shall pay
10 an amount equal to the additional amount that land contract vendor,
11 bank, credit union, or other lending institution would have paid
12 under section 1211 of the revised school code, 1976 PA 451, MCL
13 380.1211, if an exemption had not been retained on that property,
14 together with an administration fee equal to the property tax
15 administration fee imposed under section 44. The payment required
16 under this subsection shall be collected by the local tax
17 collecting unit at the same time and in the same manner as taxes
18 collected under this act. The administration fee shall be retained
19 by the local tax collecting unit. The amount collected that the
20 land contract vendor, bank, credit union, or other lending
21 institution would have paid under section 1211 of the revised
22 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
23 been retained on that property is an amount that is not captured by
24 any authority as tax increment revenues and shall be distributed to
25 the department of treasury monthly for deposit into the state
26 school aid fund established in section 11 of article IX of the
27 state constitution of 1963. If a land contract vendor, bank, credit
28 union, or other lending institution transfers ownership of property
29 for which an exemption is retained under this subsection, that land

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

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

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

29 (c) The owner maintains or provides for the maintenance of

1 that property while residing in the nursing home, assisted living
2 facility, or other location.

3 (d) ~~That~~**The** property is not leased and is not used for any
4 business or commercial purpose, **except that the property may be**
5 **leased to the owner's child or grandchild.**

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

1 date the taxes were last payable without interest or penalty.
2 Interest on any tax set forth in a corrected or supplemental tax
3 bill shall again begin to accrue 60 days after the date the
4 corrected or supplemental tax bill is issued at the rate of 1.25%
5 per month or fraction of a month. Taxes levied in a corrected or
6 supplemental tax bill shall be returned as delinquent on the March
7 1 in the year immediately succeeding the year in which the
8 corrected or supplemental tax bill is issued. If the assessor
9 denies an existing claim for exemption, the interest due shall be
10 distributed as provided in subsection (25). However, if the
11 property has been transferred to a bona fide purchaser before
12 additional taxes were billed to the seller as a result of the
13 denial of a claim for exemption, the taxes, interest, and penalties
14 shall not be a lien on the property and shall not be billed to the
15 bona fide purchaser, and the local tax collecting unit if the local
16 tax collecting unit has possession of the tax roll or the county
17 treasurer if the county has possession of the tax roll shall notify
18 the department of treasury of the amount of tax due, interest, and
19 penalties through the date of that notification. The department of
20 treasury shall then assess the owner who claimed the exemption
21 under this section for the tax, interest, and penalties accruing as
22 a result of the denial of the claim for exemption, if any, as for
23 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
24 shall deposit any tax or penalty collected into the state school
25 aid fund and shall distribute any interest collected as provided in
26 subsection (25). The denial shall be made on a form prescribed by
27 the department of treasury. If the property for which the assessor
28 has denied a claim for exemption under this subsection is located
29 in a county in which the county treasurer or the county

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

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

13 (8) The department of treasury shall determine if the property
14 is the principal residence of the owner claiming the exemption.
15 Except as otherwise provided in subsection (21), the department of
16 treasury may review the validity of exemptions for the current
17 calendar year and for the 3 immediately preceding calendar years.
18 Except as otherwise provided in subsections (5), (32), and (33), 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
28 owner fails to respond within 30 days of receipt of a request for
29 information from that department. An owner may appeal the denial of

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

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

28 (9) The department of treasury may enter into an agreement
29 regarding the implementation or administration of subsection (8)

1 with the assessor of any local tax collecting unit in a county that
2 has not elected to audit exemptions claimed under this section as
3 provided in subsection (10). The agreement may specify that for a
4 period of time, not to exceed 120 days, the department of treasury
5 will not deny an exemption identified by the department of treasury
6 in the list provided under subsection (11).

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

1 period for each local tax collecting unit in that county unless the
2 department of treasury has entered into an agreement with the
3 assessor for that local tax collecting unit under subsection (9).

4 (11) If a county elects to audit the exemptions claimed under
5 this section as provided in subsection (10) and the county
6 treasurer or his or her designee or the county equalization
7 director or his or her designee believes that the property for
8 which an exemption is claimed is not the principal residence of the
9 owner claiming the exemption, the county treasurer or his or her
10 designee or the county equalization director or his or her designee
11 may, except as otherwise provided in subsections (5), (32), and
12 (33), deny an existing claim by notifying the owner, the assessor
13 of the local tax collecting unit, and the department of treasury in
14 writing of the reason for the denial and advising the owner that
15 the denial may be appealed to the residential and small claims
16 division of the Michigan tax tribunal within 35 days after the date
17 of the notice. The county treasurer or his or her designee or the
18 county equalization director or his or her designee may deny a
19 claim for exemption for the current year and for the 3 immediately
20 preceding calendar years. If the county treasurer or his or her
21 designee or the county equalization director or his or her designee
22 denies an existing claim for exemption, the county treasurer or his
23 or her designee or the county equalization director or his or her
24 designee shall direct the assessor of the local tax collecting unit
25 in which the property is located to remove the exemption of the
26 property from the assessment roll and, if the tax roll is in the
27 local tax collecting unit's possession, direct the assessor of the
28 local tax collecting unit to amend the tax roll to reflect the
29 denial and the treasurer of the local tax collecting unit shall

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

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

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

25 (13) An owner may appeal a denial by the assessor of the local
26 tax collecting unit under subsection (6), a final decision of the
27 department of treasury under subsection (8), or a denial by the
28 county treasurer or his or her designee or the county equalization
29 director or his or her designee under subsection (11) to the

1 residential and small claims division of the Michigan tax tribunal
2 within 35 days of that decision. An owner is not required to pay
3 the amount of tax in dispute in order to appeal a denial of a claim
4 of exemption to the department of treasury or to receive a final
5 determination of the residential and small claims division of the
6 Michigan tax tribunal. However, interest at the rate of 1.25% per
7 month or fraction of a month and penalties shall accrue and be
8 computed from the date the taxes were last payable without interest
9 and penalty. If the residential and small claims division of the
10 Michigan tax tribunal grants an owner's appeal of a denial and that
11 owner has paid the interest due as a result of a denial under
12 subsection (6), (8), or (11), the interest received after a
13 distribution was made under subsection (25) shall be refunded.

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

20 (15) Except as otherwise provided in subsection (5), an
21 affidavit filed by an owner for the exemption under this section
22 rescinds all previous exemptions filed by that owner for any other
23 property. The department of treasury shall notify the assessor of
24 the local tax collecting unit in which the property for which a
25 previous exemption was claimed is located if the previous exemption
26 is rescinded by the subsequent affidavit. When an exemption is
27 rescinded as provided in subsection (5), the assessor of the local
28 tax collecting unit shall remove the exemption effective December
29 31 of the year in which the affidavit was filed that rescinded the

1 exemption. For any year for which the rescinded exemption has not
2 been removed from the tax roll, the exemption shall be denied as
3 provided in this section. However, interest and penalty shall not
4 be imposed for a year for which a rescission form has been timely
5 filed under subsection (5).

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

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

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

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

17 (19) An owner who owned and occupied a principal residence on
18 May 1 for taxes levied before January 1, 2012 for which the
19 exemption was not on the tax roll may file an appeal with the July
20 board of review or December board of review in the year for which
21 the exemption was claimed or the immediately succeeding 3 years.
22 For taxes levied after December 31, 2011, an owner who owned and
23 occupied a principal residence within the time period prescribed in
24 subsection (2) for which the exemption was not on the tax roll, or
25 an owner of property who previously occupied that property as his
26 or her principal residence but did not occupy that property within
27 the time period prescribed in subsection (2) while residing in a
28 nursing home, assisted living facility, or other location under the
29 circumstances described in subsection (5) (a) to (d), while absent

1 on active duty as a member of any branch of the Armed Forces of the
2 United States, including the Coast Guard, a reserve component of
3 any branch of the Armed Forces of the United States, or the
4 National Guard, under the circumstances described in subsection
5 (32) (a) to (d), or while absent due to the damage or destruction of
6 the principal residence under the circumstances described in
7 subsection (33) (a) to (d), for which the exemption was not on the
8 tax roll, may file an appeal with the July board of review or
9 December board of review in the year for which the exemption was
10 claimed or the immediately succeeding 3 years. If an appeal of a
11 claim for exemption that was not on the tax roll is received not
12 later than 5 days before the date of the December board of review,
13 the local tax collecting unit shall convene a December board of
14 review and consider the appeal pursuant to this section and section
15 53b. For the 2020 tax year only, an affidavit filed on or before
16 June 30, 2020 shall be processed by the assessor in accordance with
17 subsection (4), and if granting the exemption results in an
18 overpayment, a rebate shall be made to the taxpayer in the manner
19 prescribed in subsection (23).

20 (20) An owner who owned and occupied a principal residence
21 within the time period prescribed in subsection (2) in any year
22 before the 3 immediately preceding tax years for which the
23 exemption was not on the tax roll as a result of a qualified error
24 on the part of the local tax collecting unit may file a request for
25 the exemption for those tax years with the department of treasury.
26 The request for the exemption shall be in a form prescribed by the
27 department of treasury and shall include all documentation the
28 department of treasury considers necessary to consider the request
29 and to correct any affected official records if a qualified error

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

26 (21) If an owner of property received a principal residence
27 exemption to which that owner was not entitled in any year before
28 the 3 immediately preceding tax years, as a result of a qualified
29 error on the part of the local tax collecting unit, the department

1 of treasury may deny the principal residence exemption as provided
2 in subsection (8). If the department of treasury denies an
3 exemption under this subsection, the owner shall be issued a
4 corrected or supplemental tax bill as provided in subsection (8),
5 except interest shall not accrue until 60 days after the date the
6 corrected or supplemental tax bill is issued. A local tax
7 collecting unit responsible for a qualified error under this
8 subsection shall reimburse each county treasurer and other affected
9 local official required to correct official records under this
10 subsection for the costs incurred in complying with this
11 subsection.

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

22 (23) If granting the exemption under this section results in
23 an overpayment of the tax, a rebate, including any interest paid,
24 shall be made to the taxpayer by the local tax collecting unit if
25 the local tax collecting unit has possession of the tax roll or by
26 the county treasurer if the county has possession of the tax roll
27 within 30 days of the date the exemption is granted. The rebate
28 shall be without interest. If an exemption for property classified
29 as timber-cutover real property is granted under this section for

1 the 2008 or 2009 tax year, the tax roll shall be corrected and any
2 delinquent and unpaid penalty, interest, and tax resulting from
3 that property not having been exempt under this section for the
4 2008 or 2009 tax year shall be waived.

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

1 had not been granted from the date the taxes were originally
2 levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (26) Interest distributed under subsection (25) is subject to
23 the following conditions:

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

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

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

16 (28) A cooperative housing corporation is entitled to a full
17 or partial exemption under this section for the tax year in which
18 the cooperative housing corporation files all of the following with
19 the local tax collecting unit in which the cooperative housing
20 corporation is located if filed within the time period prescribed
21 in subsection (2):

22 (a) An affidavit form.

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

27 (c) A list that includes the name, address, and Social
28 Security number of each tenant stockholder of the cooperative
29 housing corporation occupying a unit in the cooperative housing

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

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

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

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

19 (a) Add all of the following:

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

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

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

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

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

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

8 (31) The owner claiming an exemption under this section for
9 property open and available as a bed and breakfast shall file an
10 affidavit claiming the exemption within the time period prescribed
11 in subsection (2) with the local tax collecting unit in which the
12 property is located. The affidavit shall be in a form prescribed by
13 the department of treasury.

14 (32) An owner of property who previously occupied that
15 property as his or her principal residence but now is absent while
16 on active duty as a member of any branch of the Armed Forces of the
17 United States, including the Coast Guard, a reserve component of
18 any branch of the Armed Forces of the United States, or the
19 National Guard, may retain an exemption on that property if the
20 owner manifests an intent to return to that property by satisfying
21 all of the following conditions:

22 (a) The owner continues to own that property while absent on
23 active duty as a member of any branch of the Armed Forces of the
24 United States, including the Coast Guard, a reserve component of
25 any branch of the Armed Forces of the United States, or the
26 National Guard.

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

28 (c) The owner maintains or provides for the maintenance of
29 that property while absent on active duty as a member of any branch

1 of the Armed Forces of the United States, including the Coast
2 Guard, a reserve component of any branch of the Armed Forces of the
3 United States, or the National Guard.

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

6 (33) If an owner of property who previously claimed and
7 occupied the property as his or her principal residence has vacated
8 because the principal residence was damaged or destroyed by an
9 accident, act of God, or act of another person without the owner's
10 consent, including, but not limited to, a fire caused by accident,
11 act of God, or act of another person without the owner's consent,
12 that owner may retain an exemption on that property for not longer
13 than the tax year during which the damage or destruction occurred
14 and the immediately succeeding 2 tax years if the owner manifests
15 an intent to return to that property by satisfying all of the
16 following conditions:

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

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

20 (c) The owner provides for the reconstruction of the principal
21 residence for purposes of occupying it upon its completion as his
22 or her principal residence.

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

25 (34) As used in this section:

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

29 (i) Has 10 or fewer sleeping rooms, including sleeping rooms

1 occupied by the owner of the property, 1 or more of which are
2 available for rent to transient tenants.

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

4 (iii) Has a smoke detector in proper working order in each
5 sleeping room and a fire extinguisher in proper working order on
6 each floor.

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

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

15 (d) "Qualified error" means that term as defined in section
16 53b.