

**SUBSTITUTE FOR
HOUSE BILL NO. 4406**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2013 PA 140.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes to
3 the extent provided under section 1211 of the revised school code,
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
5 claims an exemption as provided in this section. Notwithstanding
6 the tax day provided in section 2, the status of property as a
7 principal residence shall be determined on the date an affidavit
8 claiming an exemption is filed under subsection (2).

9 (2) Except as otherwise provided in subsection (5), an owner

1 of property may claim 1 exemption under this section by filing an
2 affidavit on or before May 1 for taxes levied before January 1,
3 2012 or, for taxes levied after December 31, 2011, on or before
4 June 1 for the immediately succeeding summer tax levy and all
5 subsequent tax levies or on or before November 1 for the
6 immediately succeeding winter tax levy and all subsequent tax
7 levies with the local tax collecting unit in which the property is
8 located. The affidavit shall state that the property is owned and
9 occupied as a principal residence by that owner of the property on
10 the date that the affidavit is signed. The affidavit shall be on a
11 form prescribed by the department of treasury. One copy of the
12 affidavit shall be retained by the owner ~~, AND 1 copy shall be~~
13 ~~retained by the local tax collecting unit, until any appeal or~~
14 ~~audit period under this act has expired, and 1 copy shall be~~
15 ~~forwarded to the department of treasury pursuant to subsection (4),~~
16 together with all information submitted under subsection (28) for a
17 cooperative housing corporation. **THE LOCAL TAX COLLECTING UNIT**
18 **SHALL FORWARD TO THE DEPARTMENT OF TREASURY A COPY OF AN AFFIDAVIT**
19 **OR ANY INFORMATION SUBMITTED UNDER SUBSECTION (28) UPON THE**
20 **DEPARTMENT OF TREASURY'S REQUEST.** The affidavit shall require the
21 owner claiming the exemption to indicate if that owner or that
22 owner's spouse has claimed another exemption on property in this
23 state that is not rescinded or a substantially similar exemption,
24 deduction, or credit on property in another state that is not
25 rescinded. If the affidavit requires an owner to include a social
26 security number, that owner's number is subject to the disclosure
27 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of

1 property filed an affidavit for an exemption under this section
2 before January 1, 2004, that affidavit shall be considered the
3 affidavit required under this subsection for a principal residence
4 exemption and that exemption shall remain in effect until rescinded
5 as provided in this section. **NOTWITHSTANDING THE PROVISION OF THIS**
6 **SUBSECTION THAT AN OWNER OF PROPERTY MAY CLAIM AN EXEMPTION BY**
7 **FILING AN AFFIDAVIT, AN OWNER OF PROPERTY SHALL BE DEEMED TO HAVE**
8 **CLAIMED AN EXEMPTION UNDER THIS SECTION IF BOTH OF THE FOLLOWING**
9 **CONDITIONS APPLY:**

10 (A) THE ANNUAL ASSESSMENT NOTICE OR TAX BILL SENT TO THE OWNER
11 INDICATED THE PROPERTY WAS RECEIVING AN EXEMPTION UNDER THIS
12 SECTION.

13 (B) THE OWNER FAILED TO INFORM THE LOCAL ASSESSOR BY FILING A
14 RESCISSION FORM AS PRESCRIBED IN SUBSECTION (5) THAT THE PROPERTY
15 WAS INELIGIBLE FOR EXEMPTION UNDER THIS SECTION.

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

22 (a) That person has claimed **OR RECEIVED** a substantially
23 similar exemption, deduction, or credit on property in another
24 state that is not rescinded.

25 (b) Subject to subdivision (a), that person or his or her
26 spouse owns property in a state other than this state for which
27 that person or his or her spouse claims an exemption, deduction, or

1 credit substantially similar to the exemption provided under this
2 section, unless that person and his or her spouse file separate
3 income tax returns.

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

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

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

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

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

22 (4) Upon receipt of an affidavit filed under subsection (2)
23 and unless the claim is denied under this section, the assessor
24 shall exempt the property from the collection of the tax levied by
25 a local school district for school operating purposes to the extent
26 provided under section 1211 of the revised school code, 1976 PA
27 451, MCL 380.1211, as provided in subsection (1) until December 31

1 of the year in which the property is transferred or, except as
2 otherwise provided in subsection (5), is no longer a principal
3 residence as defined in section 7dd, **OR THE OWNER IS NO LONGER**
4 **ENTITLED TO AN EXEMPTION AS PROVIDED IN SUBSECTION (3).** ~~The local~~
5 ~~tax collecting unit shall forward copies of affidavits to the~~
6 ~~department of treasury according to a schedule prescribed by the~~
7 ~~department of treasury.~~

8 (5) Except as otherwise provided in this subsection, not more
9 than 90 days after exempted property is no longer used as a
10 principal residence by the owner claiming an exemption, that owner
11 shall rescind the claim of exemption by filing with the local tax
12 collecting unit a rescission form prescribed by the department of
13 treasury. **THE RESCISSION FORM SHALL BE RETAINED BY THE LOCAL TAX**
14 **COLLECTING UNIT. THE LOCAL TAX COLLECTING UNIT SHALL FORWARD A COPY**
15 **OF A RESCISSION FORM TO THE DEPARTMENT OF TREASURY UPON THE**
16 **DEPARTMENT OF TREASURY'S REQUEST.** If an owner is eligible for and
17 claims an exemption for that owner's current principal residence,
18 that owner may retain an exemption for not more than 3 tax years on
19 property previously exempt as his or her principal residence if
20 that property is not occupied, is for sale, is not leased, and is
21 not used for any business or commercial purpose 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). Beginning in the 2012 tax year,
25 subject to the payment requirement set forth in this subsection, if
26 a land contract vendor, bank, credit union, or other lending
27 institution owns property as a result of a foreclosure or

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

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

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

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

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

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

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

1 (d) That property is not occupied, is not for sale, is not
2 leased, and is not used for any business or commercial purpose.

3 (6) Except as otherwise provided in subsection (5), if the
4 assessor of the local tax collecting unit believes that the
5 property for which an exemption is claimed is not the principal
6 residence of the owner claiming the exemption, the assessor may
7 deny a new or existing claim by notifying the owner and the
8 ~~department of treasury~~ **COUNTY TREASURER** in writing of the reason
9 for the denial and advising the owner that the denial may be
10 appealed to the residential and small claims division of the
11 Michigan tax tribunal within ~~35~~ **60** days after the date of the
12 notice. **THE ASSESSOR SHALL ANNUALLY SEND THE DEPARTMENT OF TREASURY**
13 **A LIST OF THE PARCELS FOR WHICH A CLAIM FOR EXEMPTION WAS DENIED IN**
14 **A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY.** The assessor may
15 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~~ **60** days of the date
21 of the denial issue a corrected tax bill for any additional taxes
22 with interest at the rate of 1.25% per month or fraction of a month
23 and 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~~ **60** days of the
27 date of the denial prepare and submit a supplemental tax bill for

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

1 subsection (25). The denial shall be made on a form prescribed by
2 the department of treasury **AND RETAINED BY THE LOCAL TAX COLLECTING**
3 **UNIT**. ~~If the property for which the assessor has denied a claim for~~
4 ~~exemption under this subsection is located in a county in which the~~
5 ~~county treasurer or the county equalization director have elected~~
6 ~~to audit exemptions under subsection (10), the~~ **THE** assessor shall
7 notify the county treasurer ~~or~~ **AND** the county equalization director
8 of the denial under this subsection.

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

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

1 reason for the denial, and advising the owner claiming the
2 exemption of the right to appeal the determination to the
3 department of treasury and what those rights of appeal are. The
4 department of treasury may issue a notice denying a claim if an
5 owner fails to respond within 30 days of receipt of a request for
6 information from that department. An owner may appeal the denial of
7 a claim of exemption to the department of treasury within ~~35-60~~
8 days of ~~receipt~~ **THE DATE** of the ~~notice of~~ denial. An appeal to the
9 department of treasury shall be conducted according to the
10 provisions for an informal conference in section 21 of 1941 PA 122,
11 MCL 205.21. Within 10 days after acknowledging an appeal of a
12 denial of a claim of exemption, the department of treasury shall
13 notify the assessor and the treasurer for the county in which the
14 property is located that an appeal has been filed. Upon receipt of
15 a notice that the department of treasury has denied a claim for
16 exemption, the assessor shall remove the exemption of the property
17 and, if the tax roll is in the local tax collecting unit's
18 possession, amend the tax roll to reflect the denial and the local
19 treasurer shall within ~~30-60~~ days of the date of the denial issue a
20 corrected tax bill for any additional taxes 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 and penalty. If the tax roll is in the county treasurer's
24 possession, the tax roll shall be amended to reflect the denial and
25 the county treasurer shall within ~~30-60~~ days of the date of the
26 denial prepare and submit a supplemental tax bill for any
27 additional taxes, together with interest at the rate of 1.25% per

1 month or fraction of a month and penalties computed from the date
2 the taxes were last payable without interest or penalty. **THE**
3 **TREASURER OF THE LOCAL TAX COLLECTING UNIT AND COUNTY TREASURER**
4 **SHALL PROVIDE AN ANNUAL SUMMARY TO THE DEPARTMENT OF TREASURY IN A**
5 **FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY OF THE ADDITIONAL**
6 **TAXES AND INTEREST BILLED UNDER THIS SUBSECTION.** Interest on any
7 tax set forth in a corrected or supplemental tax bill shall again
8 begin to accrue 60 days after the date the corrected or
9 supplemental tax bill is issued at the rate of 1.25% per month or
10 fraction of a month. **HOWEVER, UPON RECEIPT OF A TIMELY APPEAL UNDER**
11 **THIS SUBSECTION, INTEREST SHALL NOT ACCRUE AFTER 6 MONTHS FROM THE**
12 **DATE THE DEPARTMENT OF TREASURY RECEIVES THE TIMELY APPEAL.**
13 **INTEREST ON ANY TAX SET FORTH IN A CORRECTED OR SUPPLEMENTAL TAX**
14 **BILL SHALL AGAIN BEGIN TO ACCRUE AFTER THE DATE OF THE NOTICE OF**
15 **INFORMAL CONFERENCE OR UPON THE DATE OF WITHDRAWAL OF THE APPEAL BY**
16 **THE OWNER, WHICHEVER OCCURS FIRST, AT THE RATE OF 1.25% PER MONTH**
17 **OR FRACTION OF A MONTH.** The department of treasury may waive
18 interest on any tax set forth in a corrected or supplemental tax
19 bill for the current tax year and the immediately preceding 3 tax
20 years if the assessor of the local tax collecting unit files with
21 the department of treasury a sworn affidavit in a form prescribed
22 by the department of treasury stating that the tax set forth in the
23 corrected or supplemental tax bill is a result of the assessor's
24 classification error or other error or the assessor's failure to
25 rescind the exemption after the owner requested in writing that the
26 exemption be rescinded. Taxes levied in a corrected or supplemental
27 tax bill shall be returned as delinquent on the March 1 in the year

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

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

1 in the list provided under subsection (11).

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

1 (11) If a county elects to audit the exemptions claimed under
2 this section as provided in subsection (10) and the county
3 treasurer or his or her designee or the county equalization
4 director or his or her designee believes that the property for
5 which an exemption is claimed is not the principal residence of the
6 owner claiming the exemption, the county treasurer or his or her
7 designee or the county equalization director or his or her designee
8 may, except as otherwise provided in subsection (5), deny an
9 existing claim by notifying the owner ~~, AND~~ the assessor of the
10 local tax collecting unit ~~, and the department of treasury in~~
11 writing of the reason for the denial and advising the owner that
12 the denial may be appealed to the residential and small claims
13 division of the Michigan tax tribunal within ~~35-60~~ days after the
14 date of the notice. The county treasurer or his or her designee or
15 the county equalization director or his or her designee may deny a
16 claim for exemption for the current year and for the 3 immediately
17 preceding calendar years. If the county treasurer or his or her
18 designee or the county equalization director or his or her designee
19 denies an existing claim for exemption, the county treasurer or his
20 or her designee or the county equalization director or his or her
21 designee shall direct the assessor of the local tax collecting unit
22 in which the property is located to remove the exemption of the
23 property from the assessment roll and, if the tax roll is in the
24 local tax collecting unit's possession, direct the assessor of the
25 local tax collecting unit to amend the tax roll to reflect the
26 denial and the treasurer of the local tax collecting unit shall
27 within ~~30-60~~ days of the date of the denial issue a corrected tax

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

1 of treasury of the amount of tax due and interest through the date
2 of that notification. The department of treasury shall then assess
3 the owner who claimed the exemption under this section for the tax
4 and interest plus penalty accruing as a result of the denial of the
5 claim for exemption, if any, as for unpaid taxes provided under
6 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
7 penalty collected into the state school aid fund and shall
8 distribute any interest collected as provided in subsection (25).

9 **THE DENIAL SHALL BE IN A FORM PRESCRIBED BY THE DEPARTMENT OF**
10 **TREASURY AND SHALL BE RETAINED BY THE COUNTY TREASURER OR HIS OR**
11 **HER DESIGNEE OR THE COUNTY EQUALIZATION DIRECTOR OR HIS OR HER**
12 **DESIGNEE. THE COUNTY TREASURER OR HIS OR HER DESIGNEE OR THE COUNTY**
13 **EQUALIZATION DIRECTOR OR HIS OR HER DESIGNEE SHALL SEND THE**
14 **DEPARTMENT OF TREASURY ANNUAL AUDIT RESULTS IN A FORM PRESCRIBED BY**
15 **THE DEPARTMENT OF TREASURY.** The department of treasury shall
16 annually provide the county treasurer or his or her designee or the
17 county equalization director or his or her designee a list of
18 parcels of property located in that county for which an exemption
19 may be erroneously claimed. The county treasurer or his or her
20 designee or the county equalization director or his or her designee
21 shall forward copies of the list provided by the department of
22 treasury to each assessor in each local tax collecting unit in that
23 county within 10 days of receiving the list.

24 (12) If a county elects to audit exemptions claimed under this
25 section as provided in subsection (10), the county treasurer or the
26 county equalization director may enter into an agreement with the
27 assessor of a local tax collecting unit in that county regarding

1 the implementation or administration of this section. The agreement
2 may specify that for a period of time, not to exceed 120 days, the
3 county will not deny an exemption identified by the department of
4 treasury in the list provided under subsection (11).

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

24 (14) For taxes levied after December 31, 2005, for each county
25 in which the county treasurer or the county equalization director
26 does not elect to audit the exemptions claimed under this section
27 as provided in subsection (10), the department of treasury shall

1 conduct an annual audit of exemptions claimed under this section
2 for the current calendar year.

3 ~~(15) Except as otherwise provided in subsection (5), an~~
4 ~~affidavit filed by an owner for the exemption under this section~~
5 ~~rescinds all previous exemptions filed by that owner for any other~~
6 ~~property. The department of treasury shall notify the assessor of~~
7 ~~the local tax collecting unit in which the property for which a~~
8 ~~previous exemption was claimed is located if the previous exemption~~
9 ~~is rescinded by the subsequent affidavit. When an exemption is~~
10 ~~rescinded~~ **AS PROVIDED IN SUBSECTION (5)**, the assessor of the local
11 tax collecting unit shall remove the exemption effective December
12 31 of the year in which the affidavit was filed that rescinded the
13 exemption. **HOWEVER, IF THE 90-DAY PERIOD PROVIDED IN SUBSECTION (5)**
14 **INCLUDES 2 CALENDAR YEARS, THE ASSESSOR OF THE LOCAL TAX COLLECTING**
15 **UNIT SHALL REMOVE THE EXEMPTION EFFECTIVE DECEMBER 31 OF THE FIRST**
16 **YEAR.** For any year for which the rescinded exemption has not been
17 removed from the tax roll, the exemption shall be denied as
18 provided in this section. ~~However, interest and penalty shall not~~
19 ~~be imposed for a year for which a rescission form has been timely~~
20 ~~filed under subsection (5).~~

21 (16) Except as otherwise provided in subsection (30), if the
22 principal residence is part of a unit in a multiple-unit dwelling
23 or a dwelling unit in a multiple-purpose structure, an owner shall
24 claim an exemption for only that portion of the total taxable value
25 of the property used as the principal residence of that owner in a
26 manner prescribed by the department of treasury. If a portion of a
27 parcel for which the owner claims an exemption is used for a

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

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

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

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

7 (19) An owner who owned and occupied a principal residence on
8 May 1 for taxes levied before January 1, 2012 for which the
9 exemption was not on the tax roll may file an appeal with the July
10 board of review or December board of review in the year for which
11 the exemption was claimed or the immediately succeeding 3 years.
12 For taxes levied after December 31, 2011, an owner who owned and
13 occupied a principal residence on June 1 or November 1 for which
14 the exemption was not on the tax roll may file an appeal with the
15 July board of review or December board of review in the year for
16 which the exemption was claimed or the immediately succeeding 3
17 years. If an appeal of a claim for exemption that was not on the
18 tax roll is received not later than 5 days prior to the date of the
19 December board of review, the local tax collecting unit shall
20 convene a December board of review and consider the appeal pursuant
21 to this section and section 53b.

22 (20) An owner who owned and occupied a principal residence
23 within the time period prescribed in subsection (2) in any year
24 before the 3 immediately preceding tax years for which the
25 exemption was not on the tax roll as a result of a qualified error
26 on the part of the local tax collecting unit may file a request for
27 the exemption for those tax years with the department of treasury.

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

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

3 (21) If an owner of property received a principal residence
4 exemption to which that owner was not entitled in any year before
5 the 3 immediately preceding tax years, as a result of a qualified
6 error on the part of the local tax collecting unit, the department
7 of treasury may deny the principal residence exemption as provided
8 in subsection (8). If the department of treasury denies an
9 exemption under this subsection, the owner shall be issued a
10 corrected or supplemental tax bill as provided in subsection (8),
11 except interest shall not accrue until 60 days after the date the
12 corrected or supplemental tax bill is issued. A local tax
13 collecting unit responsible for a qualified error under this
14 subsection shall reimburse each county treasurer and other affected
15 local official required to correct official records under this
16 subsection for the costs incurred in complying with this
17 subsection.

18 (22) If the assessor or treasurer of the local tax collecting
19 unit believes that the department of treasury erroneously denied a
20 claim for exemption, the assessor or treasurer may submit written
21 information supporting the owner's claim for exemption to the
22 department of treasury within ~~35-60~~ days of the ~~owner's receipt~~
23 **DATE** of the notice denying the claim for exemption. If, after
24 reviewing the information provided, the department of treasury
25 determines that the claim for exemption was erroneously denied, the
26 department of treasury shall grant the exemption and the tax roll
27 shall be amended to reflect the exemption.

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

13 (24) If an exemption under this section is erroneously granted
14 for an affidavit filed before October 1, 2003, an owner may request
15 in writing that the department of treasury withdraw the exemption.
16 The request to withdraw the exemption shall be received not later
17 than November 1, 2003. If an owner requests that an exemption be
18 withdrawn, the department of treasury shall issue an order
19 notifying the local assessor that the exemption issued under this
20 section has been denied based on the owner's request. If an
21 exemption is withdrawn, the property that had been subject to that
22 exemption shall be immediately placed on the tax roll by the local
23 tax collecting unit if the local tax collecting unit has possession
24 of the tax roll or by the county treasurer if the county has
25 possession of the tax roll as though the exemption had not been
26 granted. A corrected tax bill shall be issued for the tax year
27 being adjusted by the local tax collecting unit if the local tax

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

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

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

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

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

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

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

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

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

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

26 (c) If the county treasurer or his or her designee or the
27 county equalization director or his or her designee denies the

1 exemption under this section, as follows:

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

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

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

5 (26) Interest distributed under subsection (25) is subject to
6 the following conditions:

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

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

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

1 (28) A cooperative housing corporation is entitled to a full
2 or partial exemption under this section for the tax year in which
3 the cooperative housing corporation files all of the following with
4 the local tax collecting unit in which the cooperative housing
5 corporation is located if filed within the time period prescribed
6 in subsection (2):

7 (a) An affidavit form.

8 (b) A statement of the total number of units owned by the
9 cooperative housing corporation and occupied as the principal
10 residence of a tenant stockholder as of the date of the filing
11 under this subsection.

12 (c) A list that includes the name, address, and social
13 security number of each tenant stockholder of the cooperative
14 housing corporation occupying a unit in the cooperative housing
15 corporation as his or her principal residence as of the date of the
16 filing under this subsection.

17 (d) A statement of the total number of units of the
18 cooperative housing corporation on which an exemption under this
19 section was claimed and that were transferred in the tax year
20 immediately preceding the tax year in which the filing under this
21 section was made.

22 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
23 of each county shall forward to the department of education a
24 statement of the taxable value of each school district and fraction
25 of a school district within the county for the preceding 4 calendar
26 years. This requirement is in addition to the requirement set forth
27 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL

1 388.1751.

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

6 (a) Add all of the following:

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

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

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

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

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

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

24 (31) The owner claiming an exemption under this section for
25 property open and available as a bed and breakfast shall file an
26 affidavit claiming the exemption within the time period prescribed
27 in subsection (2) with the local tax collecting unit in which the

1 property is located. The affidavit shall be in a form prescribed by
2 the department of treasury.

3 (32) As used in this section:

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

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

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

11 (iii) Has a smoke detector in proper working order in each
12 sleeping room and a fire extinguisher in proper working order on
13 each floor.

14 (b) "Common area" includes, but is not limited to, a kitchen,
15 dining room, living room, fitness room, porch, hallway, laundry
16 room, or bathroom that is available for use by guests of a bed and
17 breakfast or, unless guests are specifically prohibited from access
18 to the area, an area that is used to provide a service to guests of
19 a bed and breakfast.

20 (c) "Qualified error" means that term as defined in section
21 53b.