



# HOUSE BILL No. 5562

February 7, 1996, Introduced by Reps. Law, Bush, Ryan, Oxender, Bankes, Hill, Dobb, Pitoniak, Dolan, Profit, Nye, Voorhees, Bullard and Jersevic and referred to the Committee on Tax Policy.

A bill to amend section 7cc of Act No. 206 of the Public Acts of 1893, entitled as amended  
"The general property tax act,"  
as amended by Act No. 74 of the Public Acts of 1995, being section 211.7cc of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 7cc of Act No. 206 of the Public Acts of  
2 1893, as amended by Act No. 74 of the Public Acts of 1995, being  
3 section 211.7cc of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 7cc. (1) A homestead is exempt from the tax levied by  
6 a local school district for school operating purposes to the  
7 extent provided under section 1211 of the REVISED school code,  
8 ~~of 1976,~~ Act No. 451 of the Public Acts of 1976, being  
9 section 380.1211 of the Michigan Compiled Laws, if that owner

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 homestead shall be determined on the date an affidavit claiming  
4 an exemption is filed under subsection (2).

5       (2) An owner of property may claim an exemption under this  
6 section by filing an affidavit ~~on or before May 1~~ with the  
7 local tax collecting unit in which the property is located ON OR  
8 BEFORE MAY 1 IN A TAX YEAR FOR TAXES LEVIED IN THAT TAX YEAR, OR,  
9 FOR TAXES LEVIED AFTER DECEMBER 31, 1996, AT ANY TIME AFTER MAY 1  
10 IN A TAX YEAR FOR THAT PORTION OF TAXES LEVIED IN THAT TAX YEAR  
11 DETERMINED BY MULTIPLYING THE TAXES LEVIED IN THAT TAX YEAR BY A  
12 FRACTION THE NUMERATOR OF WHICH IS THE NUMBER OF DAYS REMAINING  
13 FROM THE DATE THE AFFIDAVIT IS FILED UNTIL DECEMBER 31 IN THAT  
14 TAX YEAR AND THE DENOMINATOR OF WHICH IS THE NUMBER OF DAYS IN  
15 THAT TAX YEAR. The affidavit shall state that the property is  
16 owned and occupied as a homestead by that owner of the property  
17 on the date that the affidavit is signed. The affidavit shall be  
18 on a form prescribed by the department of treasury. Beginning in  
19 1995, 1 copy of the affidavit shall be retained by the owner, 1  
20 copy shall be retained by the local tax collecting unit until any  
21 appeal or audit period under this act has expired, and 1 copy  
22 shall be forwarded to the department of treasury pursuant to sub-  
23 section (4). Beginning in 1995, the affidavit shall require the  
24 owner claiming the exemption to indicate if that owner has  
25 claimed another exemption on property in this state that is not  
26 rescinded. If the affidavit requires an owner to include a  
27 social security number, that owner's number is subject to the

1 disclosure restrictions in Act No. 122 of the Public Acts of  
2 1941, being sections 205.1 to 205.31 of the Michigan Compiled  
3 Laws.

4 (3) A husband and wife who are required to file or who do  
5 file a joint Michigan income tax return are entitled to not more  
6 than 1 homestead exemption.

7 (4) Upon receipt of an affidavit filed under subsection (2)  
8 and unless the claim is denied under subsection (6), the assessor  
9 shall exempt the property from the collection of the tax levied  
10 by a local school district for school operating purposes to the  
11 extent provided under section 1211 of Act No. 451 of the Public  
12 Acts of 1976 as provided in subsection (1) through the 1998 tax  
13 year or until December 31 of the year in which the property is  
14 transferred or is no longer a homestead as defined in section  
15 7dd. The local tax collecting unit shall forward copies of affi-  
16 davits to the department of treasury according to a schedule pre-  
17 scribed by the department of treasury. An owner is required to  
18 file a new claim for exemption on the same property in 1999 and  
19 every 4 years after 1999.

20 (5) Not more than 90 days after exempted property is no  
21 longer used as a homestead by the owner claiming an exemption,  
22 that owner shall rescind the claim of exemption by filing with  
23 the local tax collecting unit a rescission form prescribed by the  
24 department of treasury. Beginning October 1, 1994, an owner who  
25 fails to file a rescission as required by this subsection is  
26 subject to a penalty of \$5.00 per day for each separate failure  
27 beginning after the 90 days have elapsed, up to a maximum of

1 \$200.00. This penalty shall be collected under Act No. 122 of  
2 the Public Acts of 1941, and shall be deposited in the state  
3 school aid fund established in section 11 of article IX of the  
4 state constitution of 1963. This penalty may be waived by the  
5 department of treasury.

6 (6) If the assessor of the local tax collecting unit  
7 believes that the property for which an exemption is claimed is  
8 not the homestead of the owner claiming the exemption, effective  
9 for taxes levied after 1994 the assessor may deny a new or exist-  
10 ing claim by notifying the owner and the department of treasury  
11 in writing of the reason for the denial and advising the owner  
12 that the denial may be appealed to the department of treasury  
13 within 35 days after the date of the notice. The denial shall be  
14 made on a form prescribed by the department of treasury. If the  
15 assessor of the local tax collecting unit believes that the prop-  
16 erty for which the exemption is claimed is not the homestead of  
17 the owner claiming the exemption, for taxes levied in 1994 the  
18 assessor may send a recommendation for denial for any affidavit  
19 that is forwarded to the department of treasury stating the rea-  
20 sons for the recommendation. If the assessor of the local tax  
21 collecting unit believes that the property for which the exemp-  
22 tion is claimed is not the homestead of the owner claiming the  
23 exemption and has not denied the claim, for taxes levied after  
24 1994 the assessor shall include a recommendation for denial with  
25 any affidavit that is forwarded to the department of treasury or,  
26 for an existing claim, shall send a recommendation for denial to

1 the department of treasury, stating the reasons for the  
2 recommendation.

3       (7) The department of treasury shall determine if the prop-  
4 erty is the homestead of the owner claiming the exemption. The  
5 department of treasury may review the validity of exemptions for  
6 the current calendar year and for the 3 immediately preceding  
7 calendar years. If the department of treasury determines that  
8 the property is not the homestead of the owner claiming the  
9 exemption, the department shall send a notice of that determina-  
10 tion to the local tax collecting unit and to the owner of the  
11 property claiming the exemption, indicating that the claim for  
12 exemption is denied, stating the reason for the denial, and  
13 advising the owner claiming the exemption of the right to appeal  
14 the determination to the department of treasury and what those  
15 rights of appeal are. The department of treasury may issue a  
16 notice denying a claim if an owner fails to respond within 30  
17 days of receipt of a request for information from that  
18 department. An owner may appeal the denial of a claim of exemp-  
19 tion to the department of treasury within 35 days of receipt of  
20 the notice of denial. An appeal to the department of treasury  
21 shall be conducted according to the provisions for an informal  
22 conference in section 21 of Act No. 122 of the Public Acts of  
23 1941, being section 205.21 of the Michigan Compiled Laws. Upon  
24 receipt of a notice that the department of treasury has denied a  
25 claim for exemption, the assessor shall remove the exemption of  
26 the property and, if the tax roll is in the local tax collecting  
27 unit's possession, amend the tax roll to reflect the denial and

1 the local treasurer shall issue a corrected tax bill for  
2 previously unpaid taxes with interest and penalties computed  
3 based on the interest and penalties that would have accrued from  
4 the date the taxes were originally levied if there had not been  
5 an exemption. If the tax roll is in the county treasurer's pos-  
6 session, the tax roll shall be amended to reflect the denial and  
7 the county treasurer shall prepare and submit a supplemental tax  
8 bill for any additional taxes, together with any interest and  
9 penalties. For taxes levied in 1994 only, the county treasurer  
10 shall waive any interest and penalties due if the owner pays the  
11 supplemental tax bill not more than 30 days after the owner  
12 receives the supplemental tax bill. Interest and penalties shall  
13 not be assessed for any period before February 14, 1995.  
14 However, if the property has been transferred to a bona fide pur-  
15 chaser before additional taxes were billed to the seller as a  
16 result of the denial of a claim for exemption, the taxes, inter-  
17 est, and penalties shall not be billed to the bona fide purchas-  
18 er, and the local tax collecting unit if the local tax collecting  
19 unit has possession of the tax roll or the county treasurer if  
20 the county has possession of the tax roll shall notify the  
21 department of treasury of the amount of tax due and interest  
22 through the date of that notification. The department of trea-  
23 sury shall then assess the owner who claimed the homestead prop-  
24 erty tax exemption for the tax and interest plus penalty accruing  
25 as a result of the denial of the claim for exemption, if any, as  
26 for unpaid taxes provided under Act No. 122 of the Public Acts of

1 1941 and shall deposit any tax, interest, or penalty collected  
2 into the state school aid fund.

3       (8) An owner may appeal a final decision of the department  
4 of treasury to the residential and small claims division of the  
5 Michigan tax tribunal within 35 days of that decision. An asses-  
6 sor may appeal a final decision of the department of treasury to  
7 the residential and small claims division of the Michigan tax  
8 tribunal within 35 days of that decision if the assessor denied  
9 the exemption under subsection (6), or, for taxes levied in 1994  
10 only, the assessor forwarded a recommendation for denial to the  
11 department of treasury under subsection (6). An owner is not  
12 required to pay the amount of tax in dispute in order to appeal a  
13 denial of a claim of exemption to the department of treasury or  
14 to receive a final determination of the residential and small  
15 claims division of the Michigan tax tribunal. However, interest  
16 and penalties except as provided in subsection (7), if any, shall  
17 accrue and be computed based on the interest and penalties that  
18 would have accrued from the date the taxes were originally levied  
19 as if there had not been an exemption.

20       (9) An affidavit filed by an owner for a homestead rescinds  
21 all previous exemptions filed by that owner for any other  
22 homestead. The department of treasury shall notify the assessor  
23 of the local tax collecting unit in which the property for which  
24 a previous exemption was claimed is located that the previous  
25 exemption is rescinded by the subsequent affidavit. Upon receipt  
26 of notice that an exemption is rescinded, the assessor of the  
27 local tax collecting unit shall remove the exemption effective

1 December 31 of the year in which the property is transferred or  
2 is no longer a homestead as defined in section 7dd.

3       (10) If the homestead is part of a unit in a multiple-unit  
4 dwelling or a dwelling unit in a multiple-purpose structure, an  
5 owner shall claim an exemption for only that portion of the total  
6 taxable value of the property used as the homestead of that owner  
7 in a manner prescribed by the department of treasury. If a por-  
8 tion of a parcel for which the owner claims an exemption is used  
9 for a purpose other than as a homestead, the owner shall claim an  
10 exemption for only that portion of the taxable value of the prop-  
11 erty used as the homestead of that owner in a manner prescribed  
12 by the department of treasury.

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

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



1 and seller, or fails to file the affidavit and rescission forms  
2 with the local tax collecting unit if requested by the buyer or  
3 seller, the buyer may appeal to the department of treasury within  
4 30 days of notice to the buyer that an exemption was not  
5 recorded. If the department of treasury determines that the  
6 buyer qualifies for the exemption, the department of treasury  
7 shall notify the assessor of the local tax collecting unit that  
8 the exemption is granted and the assessor of the local tax col-  
9 lecting unit or, if the tax roll is in the possession of the  
10 county treasurer, the county treasurer shall correct the tax roll  
11 to reflect the exemption. This subsection does not create a  
12 cause of action at law or in equity against a closing statement  
13 preparer who fails to provide homestead 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 (13) An owner who owned and occupied a homestead ~~on May 1~~  
18 DURING THE TAX YEAR for which the exemption was not on the tax  
19 roll may file an appeal with the July board of review in the year  
20 for which the exemption was claimed or the immediately succeeding  
21 year or with the December board of review in the year for which  
22 the exemption was claimed or the immediately succeeding year. If  
23 an appeal of a denial of a claim for exemption is received not  
24 later than 5 days prior to the date of the December board of  
25 review, the local tax collecting unit shall convene a December  
26 board of review and consider the appeal pursuant to this section  
27 and section 53b.

1       (14) In 1994 only, an owner who owns and occupies a  
2 homestead after May 1 and before October 3 for which an affidavit  
3 was not filed in 1994 may file an affidavit as provided in sub-  
4 section (2) not later than October 3, 1994. Upon receipt, the  
5 assessor shall exempt the property from 50% of the number of  
6 mills levied in 1994 under section 1211 of Act No. 451 of the  
7 Public Acts of 1976 from which homesteads are exempt, not to  
8 exceed 50% of the total number of mills from which homesteads are  
9 exempt in 1994, on the December tax roll. If there is not a  
10 December levy of the tax under section 1211 of Act No. 451 of the  
11 Public Acts of 1976, the owner may appear in person or by mail  
12 before the December board of review and obtain a rebate as pro-  
13 vided in section 53b of 50% of the number of mills levied in 1994  
14 under section 1211 of Act No. 451 of the Public Acts of 1976 from  
15 which homesteads are exempt, not to exceed 50% of the total  
16 number of mills from which homesteads are exempt in 1994. If an  
17 affidavit is not filed as provided in this subsection, the owner  
18 may appear in person or by mail before the July or December board  
19 of review in 1994 or the July or December board of review in 1995  
20 and obtain a rebate of 50% of the number of mills levied in 1994  
21 under section 1211 of Act No. 451 of the Public Acts of 1976 from  
22 which homesteads are exempt, not to exceed 50% of the total  
23 number of mills from which homesteads are exempt in 1994. This  
24 subsection does not apply unless the 1994 assessment of the prop-  
25 erty is based on the valuation of a homestead or a portion of a  
26 structure that has become a homestead. An affidavit filed under

1 this subsection is subject to all the provisions of this  
2 section.

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

13       (16) If granting the exemption under this section results in  
14 an overpayment of the tax, a rebate, including any interest paid,  
15 shall be made to the taxpayer by the local tax collecting unit if  
16 the local tax collecting unit has possession of the tax roll or  
17 by the county treasurer if the county has possession of the tax  
18 roll within 30 days of the date the exemption is granted. The  
19 rebate shall be without interest.

20       (17) If an exemption under this section is erroneously  
21 granted, an owner may request in writing that the department of  
22 treasury withdraw the exemption. If an owner requests that an  
23 exemption be withdrawn, the department of treasury shall issue an  
24 order notifying the local assessor that the exemption issued  
25 under this section has been denied based on the owner's request.  
26 If an exemption is withdrawn, the property that had been subject  
27 to that exemption shall be immediately placed on the tax roll by

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