

HOUSE BILL No. 5480

January 14, 1998, Introduced by Rep. Profit and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 1996 PA
476.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A homestead is exempt from the tax levied by
2 a local school district for school operating purposes to the
3 extent provided under section 1211 of the revised school code,
4 ~~Act No. 451 of the Public Acts of 1976, being section 380.1211~~
5 ~~of the Michigan Compiled Laws~~ 1976 PA 451, MCL 380.1211, if an
6 owner of that homestead claims an exemption as provided in this
7 section. Notwithstanding the tax day provided in section 2, the
8 status of property as a homestead shall be determined on the date
9 an affidavit claiming an exemption is filed under subsection
10 (2).

1 (2) An owner of property may claim an exemption under this
2 section by filing an affidavit on or before May 1 FOR TAXES
3 LEVIED AFTER DECEMBER 31, 1993 AND BEFORE JANUARY 1, 1998 AND AT
4 ANY TIME DURING THE TAX YEAR FOR TAXES LEVIED AFTER DECEMBER 31,
5 1997 with the local tax collecting unit in which the property is
6 located. The affidavit shall state that the property is owned
7 and occupied as a homestead by that owner of the property on the
8 date that the affidavit is signed. The affidavit shall be on a
9 form prescribed by the department of treasury. Beginning in
10 1995, 1 copy of the affidavit shall be retained by the owner, 1
11 copy shall be retained by the local tax collecting unit until any
12 appeal or audit period under this act has expired, and 1 copy
13 shall be forwarded to the department of treasury pursuant to sub-
14 section (4), together with all information submitted under sub-
15 section (22) for a cooperative housing corporation. Beginning in
16 1995, the affidavit shall require the owner claiming the exemp-
17 tion to indicate if that owner has claimed another exemption on
18 property in this state that is not rescinded. If the affidavit
19 requires an owner to include a social security number, that
20 owner's number is subject to the disclosure restrictions in ~~Act~~
21 ~~No. 122 of the Public Acts of 1941, being sections 205.1 to~~
22 ~~205.31 of the Michigan Compiled Laws~~ 1941 PA 122, MCL 205.1 TO
23 205.31.

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

1 (4) Upon receipt of an affidavit filed under subsection (2)
2 and unless the claim is denied under subsection (6), the assessor
3 shall exempt the property from the collection of the tax levied
4 by a local school district for school operating purposes to the
5 extent provided under section 1211 of ~~Act No. 451 of the Public~~
6 ~~Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211,
7 as provided in subsection (1) until December 31 of the year in
8 which the property is transferred or is no longer a homestead as
9 defined in section 7dd. The local tax collecting unit shall for-
10 ward copies of affidavits to the department of treasury according
11 to a schedule prescribed by the department of treasury.

12 (5) Not more than 90 days after exempted property is no
13 longer used as a homestead by the owner claiming an exemption,
14 that owner shall rescind the claim of exemption by filing with
15 the local tax collecting unit a rescission form prescribed by the
16 department of treasury. Beginning October 1, 1994, an owner who
17 fails to file a rescission as required by this subsection is
18 subject to a penalty of \$5.00 per day for each separate failure
19 beginning after the 90 days have elapsed, up to a maximum of
20 \$200.00. This penalty shall be collected under ~~Act No. 122 of~~
21 ~~the Public Acts of 1941~~ 1941 PA 122, MCL 205.1 TO 205.31, and
22 shall be deposited in the state school aid fund established in
23 section 11 of article IX of the state constitution of 1963. This
24 penalty may be waived by the department of treasury.

25 (6) If the assessor of the local tax collecting unit
26 believes that the property for which an exemption is claimed is
27 not the homestead of the owner claiming the exemption, effective

1 for taxes levied after 1994 the assessor may deny a new or
2 existing claim by notifying the owner and the department of trea-
3 sury in writing of the reason for the denial and advising the
4 owner that the denial may be appealed to the department of trea-
5 sury within 35 days after the date of the notice. The denial
6 shall be made on a form prescribed by the department of
7 treasury. If the assessor of the local tax collecting unit
8 believes that the property for which the exemption is claimed is
9 not the homestead of the owner claiming the exemption, for taxes
10 levied in 1994 the assessor may send a recommendation for denial
11 for any affidavit that is forwarded to the department of treasury
12 stating the reasons for the recommendation. If the assessor of
13 the local tax collecting unit believes that the property for
14 which the exemption is claimed is not the homestead of the owner
15 claiming the exemption and has not denied the claim, for taxes
16 levied after 1994 the assessor shall include a recommendation for
17 denial with any affidavit that is forwarded to the department of
18 treasury or, for an existing claim, shall send a recommendation
19 for denial to the department of treasury, stating the reasons for
20 the recommendation.

21 (7) The department of treasury shall determine if the prop-
22 erty is the homestead of the owner claiming the exemption. The
23 department of treasury may review the validity of exemptions for
24 the current calendar year and for the 3 immediately preceding
25 calendar years. If the department of treasury determines that
26 the property is not the homestead of the owner claiming the
27 exemption, the department shall send a notice of that

1 determination to the local tax collecting unit and to the owner
2 of the property claiming the exemption, indicating that the claim
3 for exemption is denied, stating the reason for the denial, and
4 advising the owner claiming the exemption of the right to appeal
5 the determination to the department of treasury and what those
6 rights of appeal are. The department of treasury may issue a
7 notice denying a claim if an owner fails to respond within 30
8 days of receipt of a request for information from that
9 department. An owner may appeal the denial of a claim of exemp-
10 tion to the department of treasury within 35 days of receipt of
11 the notice of denial. An appeal to the department of treasury
12 shall be conducted according to the provisions for an informal
13 conference in section 21 of ~~Act No. 122 of the Public Acts of~~
14 ~~1941, being section 205.21 of the Michigan Compiled Laws 1941 PA~~
15 ~~122, MCL 205.21.~~ Within 10 days after acknowledging an appeal of
16 a denial of a claim of exemption, the department of treasury
17 shall notify the assessor and the treasurer for the county in
18 which the property is located that an appeal has been filed.
19 Upon receipt of a notice that the department of treasury has
20 denied a claim for exemption, the assessor shall remove the
21 exemption of the property and, if the tax roll is in the local
22 tax collecting unit's possession, amend the tax roll to reflect
23 the denial and the local treasurer shall issue a corrected tax
24 bill for previously unpaid taxes with interest and penalties com-
25 puted based on the interest and penalties that would have accrued
26 from the date the taxes were originally levied if there had not
27 been an exemption. If the tax roll is in the county treasurer's

1 possession, the tax roll shall be amended to reflect the denial
2 and the county treasurer shall prepare and submit a supplemental
3 tax bill for any additional taxes, together with any interest and
4 penalties. For taxes levied in 1994 only, the county treasurer
5 shall waive any interest and penalties due if the owner pays the
6 supplemental tax bill not more than 30 days after the owner
7 receives the supplemental tax bill. Interest and penalties shall
8 not be assessed for any period before February 14, 1995.

9 However, if the property has been transferred to a bona fide pur-
10 chaser before additional taxes were billed to the seller as a
11 result of the denial of a claim for exemption, the taxes, inter-
12 est, and penalties shall not be billed to the bona fide purchas-
13 er, and the local tax collecting unit if the local tax collecting
14 unit has possession of the tax roll or the county treasurer if
15 the county has possession of the tax roll shall notify the
16 department of treasury of the amount of tax due and interest
17 through the date of that notification. The department of trea-
18 sury shall then assess the owner who claimed the homestead prop-
19 erty tax exemption for the tax and interest plus penalty accruing
20 as a result of the denial of the claim for exemption, if any, as
21 for unpaid taxes provided under ~~Act No. 122 of the Public Acts~~
22 ~~of 1941~~ 1941 PA 122, MCL 205.1 TO 205.31, and shall deposit any
23 tax, interest, or penalty collected into the state school aid
24 fund.

25 (8) An owner may appeal a final decision of the department
26 of treasury to the residential and small claims division of the
27 Michigan tax tribunal within 35 days of that decision. An

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

15 (9) An affidavit filed by an owner for a homestead rescinds
16 all previous exemptions filed by that owner for any other
17 homestead. The department of treasury shall notify the assessor
18 of the local tax collecting unit in which the property for which
19 a previous exemption was claimed is located that the previous
20 exemption is rescinded by the subsequent affidavit. Upon receipt
21 of notice that an exemption is rescinded, the assessor of the
22 local tax collecting unit shall remove the exemption effective
23 December 31 of the year in which the property is transferred or
24 is no longer a homestead as defined in section 7dd. The assessor
25 of the local tax collecting unit in which that property is
26 located shall notify the treasurer in possession of the tax roll
27 for a year for which the exemption is rescinded. If the tax roll

1 is in the local tax collecting unit's possession, the tax roll
2 shall be amended to reflect the rescission and the local trea-
3 surer shall prepare and issue a corrected tax bill for previously
4 unpaid taxes with interest and penalties computed based on the
5 interest and penalties that would have accrued from the date the
6 taxes were originally levied if there had not been an exemption
7 for that year. If the tax roll is in the county treasurer's pos-
8 session, the tax roll shall be amended to reflect the rescission
9 and the county treasurer shall prepare and submit a supplemental
10 tax bill for any additional taxes, together with any interest and
11 penalties. However, if the property has been transferred to a
12 bona fide purchaser, the taxes, interest, and penalties shall not
13 be billed to the bona fide purchaser, and the local tax collect-
14 ing unit if the local tax collecting unit has possession of the
15 tax roll or the county treasurer if the county has possession of
16 the tax roll shall notify the department of treasury of the
17 amount of tax due and interest through the date of that
18 notification. The department of treasury shall then assess the
19 owner who received the homestead property tax exemption when the
20 property was not a homestead as defined in section 7dd for the
21 tax and interest plus penalty accruing, if any, as for unpaid
22 taxes provided under ~~Act No. 122 of the Public Acts of 1941~~
23 1941 PA 122, MCL 205.1 TO 205.31, and shall deposit any tax,
24 interest, or penalty collected into the state school aid fund.
25 (10) An owner of property for which a claim of exemption is
26 rescinded may appeal that rescission with either the July or
27 December board of review in either the year for which the

1 exemption is rescinded or in the immediately succeeding year. If
2 an appeal of a rescission of a claim for exemption is received
3 not later than 5 days prior to the date of the December board of
4 review, the local tax collecting unit shall convene a December
5 board of review and consider the appeal pursuant to this section
6 and section 53b. An owner of property for which a claim of
7 exemption is rescinded may appeal the decision of the board of
8 review to the residential and small claims division of the
9 Michigan tax tribunal within 35 days of that decision.

10 (11) If the homestead is part of a unit in a multiple-unit
11 dwelling or a dwelling unit in a multiple-purpose structure, an
12 owner shall claim an exemption for only that portion of the total
13 taxable value of the property used as the homestead of that owner
14 in a manner prescribed by the department of treasury. If a por-
15 tion of a parcel for which the owner claims an exemption is used
16 for a purpose other than as a homestead, the owner shall claim an
17 exemption for only that portion of the taxable value of the prop-
18 erty used as the homestead of that owner in a manner prescribed
19 by the department of treasury.

20 (12) When a county register of deeds records a transfer of
21 ownership of a property, he or she shall notify the local tax
22 collecting unit in which the property is located of the
23 transfer.

24 (13) The department of treasury shall make available the
25 affidavit forms and the forms to rescind an exemption, which may
26 be on the same form, to all city and township assessors, county
27 equalization officers, county registers of deeds, and closing

1 agents. A person who prepares a closing statement for the sale
2 of property shall provide affidavit and rescission forms to the
3 buyer and seller at the closing and, if requested by the buyer or
4 seller after execution by the buyer or seller, shall file the
5 forms with the local tax collecting unit in which the property is
6 located. If a closing statement preparer fails to provide home-
7 stead exemption affidavit and rescission forms to the buyer and
8 seller, or fails to file the affidavit and rescission forms with
9 the local tax collecting unit if requested by the buyer or
10 seller, the buyer may appeal to the department of treasury within
11 30 days of notice to the buyer that an exemption was not
12 recorded. If the department of treasury determines that the
13 buyer qualifies for the exemption, the department of treasury
14 shall notify the assessor of the local tax collecting unit that
15 the exemption is granted and the assessor of the local tax col-
16 lecting unit or, if the tax roll is in the possession of the
17 county treasurer, the county treasurer shall correct the tax roll
18 to reflect the exemption. This subsection does not create a
19 cause of action at law or in equity against a closing statement
20 preparer who fails to provide homestead exemption affidavit and
21 rescission forms to a buyer and seller or who fails to file the
22 affidavit and rescission forms with the local tax collecting unit
23 when requested to do so by the buyer or seller.

24 (14) An owner who owned and occupied a homestead on May 1
25 FOR TAXES LEVIED AFTER DECEMBER 31, 1993 AND BEFORE JANUARY 1,
26 1998 AND AT ANY TIME DURING THE TAX YEAR FOR TAXES LEVIED AFTER
27 DECEMBER 31, 1997 for which the exemption was not on the tax roll

1 may file an appeal with the July board of review in the year for
2 which the exemption was claimed or the immediately succeeding
3 year or with the December board of review in the year for which
4 the exemption was claimed or the immediately succeeding year. If
5 an appeal of a claim for exemption that was not on the tax roll
6 is received not later than 5 days prior to the date of the
7 December board of review, the local tax collecting unit shall
8 convene a December board of review and consider the appeal pursu-
9 ant to this section and section 53b.

10 (15) In 1994 only, an owner who owns and occupies a home-
11 stead after May 1 and before October 3 for which an affidavit was
12 not filed in 1994 may file an affidavit as provided in subsection
13 (2) not later than October 3, 1994. Upon receipt, the assessor
14 shall exempt the property from 50% of the number of mills levied
15 in 1994 under section 1211 of ~~Act No. 451 of the Public Acts of~~
16 ~~1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, from
17 which homesteads are exempt, not to exceed 50% of the total
18 number of mills from which homesteads are exempt in 1994, on the
19 December tax roll. If there is not a December levy of the tax
20 under section 1211 of ~~Act No. 451 of the Public Acts of 1976~~
21 THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, the owner may
22 appear in person or by mail before the December board of review
23 and obtain a rebate as provided in section 53b of 50% of the
24 number of mills levied in 1994 under section 1211 of ~~Act No. 451~~
25 ~~of the Public Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451,
26 MCL 380.1211, from which homesteads are exempt, not to exceed 50%
27 of the total number of mills from which homesteads are exempt in

1 1994. If an affidavit is not filed as provided in this
2 subsection, the owner may appear in person or by mail before the
3 July or December board of review in 1994 or the July or December
4 board of review in 1995 and obtain a rebate of 50% of the number
5 of mills levied in 1994 under section 1211 of ~~Act No. 451 of the~~
6 ~~Public Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL
7 380.1211, from which homesteads are exempt, not to exceed 50% of
8 the total number of mills from which homesteads are exempt in
9 1994. This subsection does not apply unless the 1994 assessment
10 of the property is based on the valuation of a homestead or a
11 portion of a structure that has become a homestead. An affidavit
12 filed under this subsection is subject to all the provisions of
13 this section.

14 (16) An owner who owns and occupies a homestead for which
15 the exemption was on the tax roll in 1995 and each year after
16 1995 and for which an exemption was not on the tax roll in 1994
17 may appeal to the department of treasury before December 31, 1997
18 to have an exemption placed on the 1994 tax roll if all of the
19 following conditions are satisfied:

20 (a) The owner owned and occupied that homestead on May 1,
21 1994 or the owner owned and occupied that homestead after May 1,
22 1994 but before October 3, 1994.

23 (b) If a claim of exemption was denied in 1994, the owner
24 did not timely appeal that denial as provided in this section.

25 (c) The owner has owned and occupied that homestead since
26 1994.

1 (17) If the department of treasury grants a claim of
2 exemption for 1994 under subsection (16), the county treasurer
3 with possession of the tax roll being adjusted shall amend the
4 1994 tax roll to reflect the exemption and shall issue a cor-
5 rected tax bill as follows:

6 (a) If the owner owned and occupied that homestead on May 1,
7 1994, that homestead is exempt from the tax levied in 1994 for
8 school operating purposes to the extent provided under
9 section 1211 of ~~Act No. 451 of the Public Acts of 1976~~ THE
10 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, pursuant to
11 subsection (1).

12 (b) If the owner owned and occupied that homestead after May
13 1, 1994 but before October 3, 1994, that homestead is exempt from
14 50% of the number of mills levied in 1994 under section 1211 of
15 ~~Act No. 451 of the Public Acts of 1976~~ pursuant to
16 ~~subsection (14)~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL
17 380.1211.

18 (18) If the department of treasury denies a claim of exemp-
19 tion for 1994 under subsection (16), an owner may appeal that
20 denial to the residential and small claims division of the
21 Michigan tax tribunal within 35 days of that denial.

22 (19) If the assessor or treasurer of the local tax collect-
23 ing unit believes that the department of treasury erroneously
24 denied a claim for exemption, the assessor or treasurer may
25 submit written information supporting the owner's claim for
26 exemption to the department of treasury within 35 days of the
27 owner's receipt of the notice denying the claim for exemption.

1 If, after reviewing the information provided, the department of
2 treasury determines that the claim for exemption was erroneously
3 denied, the department of treasury shall grant the exemption and
4 the tax roll shall be amended to reflect the exemption.

5 (20) If granting the exemption under this section results in
6 an overpayment of the tax, a rebate, including any interest paid,
7 shall be made to the taxpayer by the local tax collecting unit if
8 the local tax collecting unit has possession of the tax roll or
9 by the county treasurer if the county has possession of the tax
10 roll within 30 days of the date the exemption is granted. The
11 rebate shall be without interest.

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

1 be withdrawn before that owner is contacted in writing by either
2 the local assessor or the department of treasury regarding that
3 owner's eligibility for the exemption and that owner pays the
4 corrected tax bill issued under this subsection within 30 days
5 after the corrected tax bill is issued, that owner is not liable
6 for any penalty or interest on the additional tax. An owner who
7 pays a corrected tax bill issued under this subsection more than
8 30 days after the corrected tax bill is issued is liable for the
9 penalties and interest that would have accrued if the exemption
10 had not been granted from the date the taxes were originally
11 levied.

12 (22) For tax years beginning on and after January 1, 1994, a
13 cooperative housing corporation is entitled to a full or partial
14 exemption under this section for the tax year in which the coop-
15 erative housing corporation files all of the following with the
16 local tax collecting unit in which the cooperative housing corpo-
17 ration is located if filed on or before May 1 of the tax year ~~—~~
18 ~~or for the tax year following the year in which all of the fol-~~
19 ~~lowing are filed if filed after May 1 of the tax year~~ FOR TAXES
20 LEVIED AFTER DECEMBER 31, 1993 AND BEFORE JANUARY 1, 1998 AND AT
21 ANY TIME DURING THE TAX YEAR FOR TAXES LEVIED AFTER DECEMBER 31,
22 1997:

23 (a) An affidavit form.

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

1 (c) A list that includes the name, address, and social
2 security number of each tenant stockholder of the cooperative
3 housing corporation occupying a unit in the cooperative housing
4 corporation as his or her principal residence as of the date of
5 the filing under this subsection.

6 (d) A statement of the total number of units of the coopera-
7 tive housing corporation on which an exemption under this section
8 was claimed and that were transferred in the tax year immediately
9 preceding the tax year in which the filing under this section was
10 made.