

SENATE BILL No. 1131

February 26, 2002, Introduced by Senators PETERS and BYRUM and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 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 with the local
3 tax collecting unit in which the property is located. The affi-
4 davit shall state that the property is owned and occupied as a
5 homestead by that owner of the property on the date that the
6 affidavit is signed. The affidavit shall be on a form prescribed
7 by the department of treasury. Beginning in 1995, 1 copy of the
8 affidavit shall be retained by the owner, 1 copy shall be
9 retained by the local tax collecting unit until any appeal or
10 audit period under this act has expired, and 1 copy shall be for-
11 warded to the department of treasury pursuant to subsection (4),
12 together with all information submitted under subsection (22) for
13 a cooperative housing corporation. Beginning in 1995, the affi-
14 davit shall require the owner claiming the exemption to indicate
15 if that owner has claimed another exemption on property in this
16 state that is not rescinded. If the affidavit requires an owner
17 to include a social security number, that owner's number is
18 subject to the disclosure restrictions in ~~Act No. 122 of the~~
19 ~~Public Acts of 1941, being sections 205.1 to 205.31 of the~~
20 ~~Michigan Compiled Laws~~ 1941 PA 122, MCL 205.1 TO 205.31.

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

24 (4) Upon receipt of an affidavit filed under subsection (2)
25 and unless the claim is denied under subsection (6), the assessor
26 shall exempt the property from the collection of the tax levied
27 by a local school district for school operating purposes to the

1 extent provided under section 1211 of ~~Act No. 451 of the Public~~
2 ~~Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211,
3 as provided in subsection (1) until December 31 of the year in
4 which the property is transferred or is no longer a homestead as
5 defined in section 7dd. The local tax collecting unit shall for-
6 ward copies of affidavits to the department of treasury according
7 to a schedule prescribed by the department of treasury.

8 (5) Not more than 90 days after exempted property is no
9 longer used as a homestead by the owner claiming an exemption,
10 that owner shall rescind the claim of exemption by filing with
11 the local tax collecting unit a rescission form prescribed by the
12 department of treasury. THE LOCAL TAX COLLECTING UNIT SHALL FOR-
13 WARD A COPY OF THE RESCISSION FORM TO THE DEPARTMENT OF TREASURY,
14 TOGETHER WITH AN ACKNOWLEDGEMENT IN A FORM PRESCRIBED BY THE
15 DEPARTMENT OF TREASURY THAT THE TAX ROLL HAS BEEN CORRECTED TO
16 REFLECT THAT RESCISSION. 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. THE LOCAL TREASURER SHALL FORWARD AN ACKNOWLEDGE-
8 MENT TO THE DEPARTMENT OF TREASURY IN A FORM PRESCRIBED BY THE
9 DEPARTMENT OF TREASURY THAT THE TAX ROLL HAS BEEN CORRECTED TO
10 REFLECT THAT RESCISSION. If the tax roll is in the county
11 treasurer's possession, the tax roll shall be amended to reflect
12 the rescission and the county treasurer shall prepare and submit
13 a supplemental tax bill for any additional taxes, together with
14 any interest and penalties. THE COUNTY TREASURER SHALL FORWARD
15 AN ACKNOWLEDGEMENT TO THE DEPARTMENT OF TREASURY IN A FORM PRE-
16 SCRIBED BY THE DEPARTMENT OF TREASURY THAT THE TAX ROLL HAS BEEN
17 CORRECTED TO REFLECT THAT RESCISSION. However, if the property
18 has been transferred to a bona fide purchaser, the taxes, inter-
19 est, and penalties shall not be billed to the bona fide purchas-
20 er, and the local tax collecting unit if the local tax collecting
21 unit has possession of the tax roll or the county treasurer if
22 the county has possession of the tax roll shall notify the
23 department of treasury of the amount of tax due and interest
24 through the date of that notification. The department of trea-
25 sury shall then assess the owner who received the homestead prop-
26 erty tax exemption when the property was not a homestead as
27 defined in section 7dd for the tax and interest plus penalty

1 accruing, if any, as for unpaid taxes provided under ~~Act No. 122~~
2 ~~of the Public Acts of 1941~~ 1941 PA 122, MCL 205.1 TO 205.31, and
3 shall deposit any tax, interest, or penalty collected into the
4 state school aid fund.

5 (10) An owner of property for which a claim of exemption is
6 rescinded may appeal that rescission with either the July or
7 December board of review in either the year for which the exemp-
8 tion is rescinded or in the immediately succeeding year. If an
9 appeal of a rescission of a claim for exemption is received not
10 later than 5 days prior to the date of the December board of
11 review, the local tax collecting unit shall convene a December
12 board of review and consider the appeal pursuant to this section
13 and section 53b. An owner of property for which a claim of
14 exemption is rescinded may appeal the decision of the board of
15 review to the residential and small claims division of the
16 Michigan tax tribunal within 35 days of that decision.

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

1 (12) When a county register of deeds records a transfer of
2 ownership of a property, he or she shall notify the local tax
3 collecting unit in which the property is located of the
4 transfer.

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

1 preparer who fails to provide homestead exemption affidavit and
2 rescission forms to a buyer and seller or who fails to file the
3 affidavit and rescission forms with the local tax collecting unit
4 when requested to do so by the buyer or seller.

5 (14) An owner who owned and occupied a homestead on May 1
6 for which the exemption was not on the tax roll may file an
7 appeal with the July board of review in the year for which the
8 exemption was claimed or the immediately succeeding year or with
9 the December board of review in the year for which the exemption
10 was claimed or the immediately succeeding year. If an appeal of
11 a claim for exemption that was not on the tax roll is received
12 not later than 5 days prior to the date of the December board of
13 review, the local tax collecting unit shall convene a December
14 board of review and consider the appeal pursuant to this section
15 and section 53b.

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

1 appear in person or by mail before the December board of review
2 and obtain a rebate as provided in section 53b of 50% of the
3 number of mills levied in 1994 under section 1211 of ~~Act No. 451~~
4 ~~of the Public Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451,
5 MCL 380.1211, from which homesteads are exempt, not to exceed 50%
6 of the total number of mills from which homesteads are exempt in
7 1994. If an affidavit is not filed as provided in this subsec-
8 tion, the owner may appear in person or by mail before the July
9 or December board of review in 1994 or the July or December board
10 of review in 1995 and obtain a rebate of 50% of the number of
11 mills levied in 1994 under section 1211 of ~~Act No. 451 of the~~
12 ~~Public Acts of 1976~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL
13 380.1211, from which homesteads are exempt, not to exceed 50% of
14 the total number of mills from which homesteads are exempt in
15 1994. This subsection does not apply unless the 1994 assessment
16 of the property is based on the valuation of a homestead or a
17 portion of a structure that has become a homestead. An affidavit
18 filed under this subsection is subject to all the provisions of
19 this section.

20 (16) An owner who owns and occupies a homestead for which
21 the exemption was on the tax roll in 1995 and each year after
22 1995 and for which an exemption was not on the tax roll in 1994
23 may appeal to the department of treasury before December 31, 1997
24 to have an exemption placed on the 1994 tax roll if all of the
25 following conditions are satisfied:

1 (a) The owner owned and occupied that homestead on May 1,
2 1994 or the owner owned and occupied that homestead after May 1,
3 1994 but before October 3, 1994.

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

6 (c) The owner has owned and occupied that homestead since
7 1994.

8 (17) If the department of treasury grants a claim of exemp-
9 tion for 1994 under subsection (16), the county treasurer with
10 possession of the tax roll being adjusted shall amend the 1994
11 tax roll to reflect the exemption and shall issue a corrected tax
12 bill as follows:

13 (a) If the owner owned and occupied that homestead on May 1,
14 1994, that homestead is exempt from the tax levied in 1994 for
15 school operating purposes to the extent provided under
16 section 1211 of ~~Act No. 451 of the Public Acts of 1976~~ THE
17 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, pursuant to
18 subsection (1).

19 (b) If the owner owned and occupied that homestead after May
20 1, 1994 but before October 3, 1994, that homestead is exempt from
21 50% of the number of mills levied in 1994 under section 1211 of
22 ~~Act No. 451 of the Public Acts of 1976 pursuant to~~
23 ~~subsection (14)~~ THE REVISED SCHOOL CODE, 1976 PA 451, MCL
24 380.1211.

25 (18) If the department of treasury denies a claim of exemp-
26 tion for 1994 under subsection (16), an owner may appeal that

1 denial to the residential and small claims division of the
2 Michigan tax tribunal within 35 days of that denial.

3 (19) 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 (20) 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 (21) 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. THE TREASURER OF THE LOCAL TAX COLLECTING UNIT
5 OR THE COUNTY TREASURER, AS APPLICABLE, SHALL FORWARD AN ACKNOWLEDGEMENT
6 TO THE DEPARTMENT OF TREASURY IN A FORM PRESCRIBED BY
7 THE DEPARTMENT OF TREASURY THAT THE TAX ROLL HAS BEEN CORRECTED
8 TO REFLECT THAT WITHDRAWAL. A corrected tax bill shall be issued
9 for the tax year being adjusted by the local tax collecting unit
10 if the local tax collecting unit has possession of the tax roll
11 or by the county treasurer if the county has possession of the
12 tax roll. If an owner requests that an exemption under this section
13 be withdrawn before that owner is contacted in writing by
14 either the local assessor or the department of treasury regarding
15 that owner's eligibility for the exemption and that owner pays
16 the corrected tax bill issued under this subsection within 30
17 days after the corrected tax bill is issued, that owner is not
18 liable for any penalty or interest on the additional tax. An
19 owner who pays a corrected tax bill issued under this subsection
20 more than 30 days after the corrected tax bill is issued is
21 liable for the penalties and interest that would have accrued if
22 the exemption had not been granted from the date the taxes were
23 originally levied.

24 (22) For tax years beginning on and after January 1, 1994, a
25 cooperative housing corporation is entitled to a full or partial
26 exemption under this section for the tax year in which the
27 cooperative housing corporation files all of the following with

1 the local tax collecting unit in which the cooperative housing
2 corporation is located if filed on or before May 1 of the tax
3 year, or for the tax year following the year in which all of the
4 following are filed if filed after May 1 of the tax year:

5 (a) An affidavit form.

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

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

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