

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 133

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7u, 7cc, 7dd, 9, 24c, 27d, and 120 (MCL
211.7u, 211.7cc, 211.7dd, 211.9, 211.24c, 211.27d, and 211.120),
sections 7u and 24c as amended by 2002 PA 620, section 7cc as
amended by 2002 PA 624, section 7dd as amended and section 27d as
added by 1996 PA 476, section 9 as amended by 1996 PA 582, and
section 120 as added by 1995 PA 74.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7u. (1) The ~~homestead~~ **principal residence** of persons
2 who, in the judgment of the supervisor and board of review, by
3 reason of poverty, are unable to contribute toward the public
4 charges is eligible for exemption in whole or in part from
5 taxation under this act. This section does not apply to the
6 property of a corporation.

1 (2) To be eligible for exemption under this section, a person
2 shall do all of the following on an annual basis:

3 (a) Be an owner of and occupy as a ~~homestead~~ **principal**
4 **residence** the property for which an exemption is requested.

5 (b) File a claim with the supervisor or board of review on a
6 form provided by the local assessing unit, accompanied by federal
7 and state income tax returns for all persons residing in the
8 ~~homestead~~ **principal residence**, including any property tax
9 credit returns, filed in the immediately preceding year or in the
10 current year. The filing of a claim under this subsection
11 constitutes an appearance before the board of review for the
12 purpose of preserving the claimant's right to appeal the decision
13 of the board of review regarding the claim.

14 (c) Produce a valid driver's license or other form of
15 identification if requested by the supervisor or board of
16 review.

17 (d) Produce a deed, land contract, or other evidence of
18 ownership of the property for which an exemption is requested if
19 required by the supervisor or board of review.

20 (e) Meet the federal poverty guidelines updated annually in
21 the federal register by the United States department of health
22 and human services under authority of section 673 of subtitle B
23 of title VI of the omnibus budget reconciliation act of 1981,
24 Public Law 97-35, 42 U.S.C. 9902, or alternative guidelines
25 adopted by the governing body of the local assessing unit
26 provided the alternative guidelines do not provide income
27 eligibility requirements less than the federal guidelines.

1 (3) The application for an exemption under this section shall
2 be filed after January 1 but before the day prior to the last day
3 of the board of review.

4 (4) The governing body of the local assessing unit shall
5 determine and make available to the public the policy and
6 guidelines the local assessing unit uses for the granting of
7 exemptions under this section. The guidelines shall include but
8 not be limited to the specific income and asset levels of the
9 claimant and total household income and assets.

10 (5) The board of review shall follow the policy and
11 guidelines of the local assessing unit in granting or denying an
12 exemption under this section unless the board of review
13 determines there are substantial and compelling reasons why there
14 should be a deviation from the policy and guidelines and the
15 substantial and compelling reasons are communicated in writing to
16 the claimant.

17 (6) A person who files a claim under this section is not
18 prohibited from also appealing the assessment on the property for
19 which that claim is made before the board of review in the same
20 year.

21 (7) As used in this section, ~~—"homestead"—means homestead~~
22 **"principal residence" means principal residence** or qualified
23 agricultural property as those terms are defined in section 7dd.

24 Sec. 7cc. (1) A ~~homestead~~ **principal residence** is exempt
25 from the tax levied by a local school district for school
26 operating purposes to the extent provided under section 1211 of
27 the revised school code, 1976 PA 451, MCL 380.1211, if an owner

1 of that ~~homestead~~ **principal residence** claims an exemption as
 2 provided in this section. Notwithstanding the tax day provided
 3 in section 2, **for taxes levied before January 1, 2004**, the status
 4 of property as a ~~homestead~~ **principal residence** shall be
 5 determined on the date an affidavit claiming an exemption is
 6 filed under subsection (2). **For taxes levied after December 31,**
 7 **2003, the status of property as a principal residence shall be**
 8 **determined on the tax day provided in section 2.**

9 (2) An owner of property may claim an exemption under this
 10 section by filing an affidavit on or before May 1 **for taxes**
 11 **levied before January 1, 2004 and the tax day as provided in**
 12 **section 2 for taxes levied after December 31, 2003** with the local
 13 tax collecting unit in which the property is located. The
 14 affidavit shall state that the property is owned and occupied as
 15 a ~~homestead~~ **principal residence** by that owner of the property
 16 on the date that the affidavit is signed. The affidavit shall be
 17 on a form prescribed by the department of treasury. ~~Beginning~~
 18 ~~in 1995, 1~~ **One** copy of the affidavit shall be retained by the
 19 owner, 1 copy shall be retained by the local tax collecting unit
 20 until any appeal or audit period under this act has expired, and
 21 1 copy shall be forwarded to the department of treasury pursuant
 22 to subsection (4), together with all information submitted under
 23 subsection ~~(18)~~ **(27)** for a cooperative housing corporation.
 24 ~~Beginning in 1995, the~~ **The** affidavit shall require the owner
 25 claiming the exemption to indicate if that owner **or that owner's**
 26 **spouse** has claimed another exemption on property in this state
 27 that is not rescinded **or a substantially similar exemption,**

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

10 (3) A husband and wife who are required to file or who do
11 file a joint Michigan income tax return are entitled to not more
12 than 1 ~~homestead~~ exemption under this section. A person is not
13 entitled to an exemption under this section if any of the
14 following conditions occur:

15 (a) That person has claimed a substantially similar
16 exemption, deduction, or credit on property in another state that
17 is not rescinded.

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

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

27 (d) That person has filed an income tax return in a state

1 other than this state as a resident, except active duty military
2 personnel stationed in this state with his or her principal
3 residence in this state.

4 (4) Upon receipt of an affidavit filed under subsection (2)
5 and unless the claim is denied under ~~subsection (6)~~ **this**
6 **section**, the assessor shall exempt the property from the
7 collection of the tax levied by a local school district for
8 school operating purposes to the extent provided under section
9 1211 of the revised school code, 1976 PA 451, MCL 380.1211, as
10 provided in subsection (1) until December 31 of the year in which
11 the property is transferred or is no longer a ~~homestead~~
12 **principal residence** as defined in section 7dd. The local tax
13 collecting unit shall forward copies of affidavits to the
14 department of treasury according to a schedule prescribed by the
15 department of treasury.

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

1 penalty may be waived by the department of treasury.

2 (6) If the assessor of the local tax collecting unit believes
3 that the property for which an exemption is claimed is not the
4 ~~homestead~~ **principal residence** of the owner claiming the
5 exemption, ~~effective for taxes levied after 1994~~ the assessor
6 may deny a new or existing claim by notifying the owner and the
7 department of treasury in writing of the reason for the denial
8 and advising the owner that the denial may be appealed to the
9 ~~department of treasury~~ **residential and small claims division of**
10 **the Michigan tax tribunal** within 35 days after the date of the
11 notice. **The assessor may deny a claim for exemption for the**
12 **current year and for the 3 immediately preceding calendar years.**
13 **If the assessor denies an existing claim for exemption, the**
14 **assessor shall remove the exemption of the property and, if the**
15 **tax roll is in the local tax collecting unit's possession, amend**
16 **the tax roll to reflect the denial and the local treasurer shall**
17 **within 30 days of the date of the denial issue a corrected tax**
18 **bill for previously unpaid taxes with interest at the rate of**
19 **1.25% per month and penalties computed from the date the taxes**
20 **were last payable without interest or penalty. If the tax roll**
21 **is in the county treasurer's possession, the tax roll shall be**
22 **amended to reflect the denial and the county treasurer shall**
23 **within 30 days of the date of the denial prepare and submit a**
24 **supplemental tax bill for any additional taxes, together with**
25 **interest at the rate of 1.25% per month and penalties computed**
26 **from the date the taxes were last payable without interest or**
27 **penalty. Additional interest on any tax set forth in a corrected**

1 or supplemental tax bill shall begin to accrue 60 days after the
2 date the corrected or supplemental tax bill is issued at the rate
3 of 1.25% per month. Taxes levied in a corrected or supplemental
4 tax bill shall be returned as delinquent on the March 1 in the
5 year immediately succeeding the year in which the corrected or
6 supplemental tax bill is issued. If the assessor denies an
7 existing claim for exemption, the interest due shall be
8 distributed as provided in subsection (24). However, if the
9 property has been transferred to a bona fide purchaser before
10 additional taxes were billed to the seller as a result of the
11 denial of a claim for exemption, the taxes, interest, and
12 penalties shall not be a lien on the property and shall not be
13 billed to the bona fide purchaser, and the local tax collecting
14 unit if the local tax collecting unit has possession of the tax
15 roll or the county treasurer if the county has possession of the
16 tax roll shall notify the department of treasury of the amount of
17 tax due, interest, and penalties through the date of that
18 notification. The department of treasury shall then assess the
19 owner who claimed the exemption under this section for the tax,
20 interest, and penalties accruing as a result of the denial of the
21 claim for exemption, if any, as for unpaid taxes provided under
22 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
23 penalty collected into the state school aid fund and shall
24 distribute any interest collected as provided in subsection (24).
25 The denial shall be made on a form prescribed by the department
26 of treasury. ~~If the assessor of the local tax collecting unit~~
27 ~~believes that the property for which the exemption is claimed is~~

1 ~~not the homestead of the owner claiming the exemption, for taxes~~
2 ~~levied in 1994 the assessor may send a recommendation for denial~~
3 ~~for any affidavit that is forwarded to the department of treasury~~
4 ~~stating the reasons for the recommendation.~~ If the property for
5 which the assessor has denied a claim for exemption under this
6 subsection is located in a county in which the county treasurer
7 or the county equalization director have elected to audit
8 exemptions under subsection (10), the assessor shall notify the
9 county treasurer or the county equalization director of the
10 denial under this subsection.

11 (7) If the assessor of the local tax collecting unit believes
12 that the property for which the exemption is claimed is not the
13 ~~homestead~~ **principal residence** of the owner claiming the
14 exemption and has not denied the claim, ~~for taxes levied after~~
15 ~~1994~~ the assessor shall include a recommendation for denial with
16 any affidavit that is forwarded to the department of treasury or,
17 for an existing claim, shall send a recommendation for denial to
18 the department of treasury, stating the reasons for the
19 recommendation.

20 (8) ~~-(7)-~~ The department of treasury shall determine if the
21 property is the ~~homestead~~ **principal residence** of the owner
22 claiming the exemption. The department of treasury may review
23 the validity of exemptions for the current calendar year and for
24 the 3 immediately preceding calendar years. If the department of
25 treasury determines that the property is not the ~~homestead~~
26 **principal residence** of the owner claiming the exemption, the
27 department shall send a notice of that determination to the local

1 tax collecting unit and to the owner of the property claiming the
2 exemption, indicating that the claim for exemption is denied,
3 stating the reason for the denial, and advising the owner
4 claiming the exemption of the right to appeal the determination
5 to the department of treasury and what those rights of appeal
6 are. The department of treasury may issue a notice denying a
7 claim if an owner fails to respond within 30 days of receipt of a
8 request for information from that department. An owner may
9 appeal the denial of a claim of exemption to the department of
10 treasury within 35 days of receipt of the notice of denial. An
11 appeal to the department of treasury shall be conducted according
12 to the provisions for an informal conference in section 21 of
13 1941 PA 122, MCL 205.21. Within 10 days after acknowledging an
14 appeal of a denial of a claim of exemption, the department of
15 treasury shall notify the assessor and the treasurer for the
16 county in which the property is located that an appeal has been
17 filed. Upon receipt of a notice that the department of treasury
18 has denied a claim for exemption, the assessor shall remove the
19 exemption of the property and, if the tax roll is in the local
20 tax collecting unit's possession, amend the tax roll to reflect
21 the denial and the local treasurer shall **within 30 days of the**
22 **date of the denial** issue a corrected tax bill for previously
23 unpaid taxes with interest **at the rate of 1.25% per month** and
24 penalties computed ~~based on the interest and penalties that~~
25 ~~would have accrued~~ from the date the taxes were ~~originally~~
26 ~~levied if there had not been an exemption~~ **last payable without**
27 **interest and penalty.** If the tax roll is in the county

1 treasurer's possession, the tax roll shall be amended to reflect
2 the denial and the county treasurer shall **within 30 days of the**
3 **date of the denial** prepare and submit a supplemental tax bill for
4 any additional taxes, together with ~~any interest and penalties~~
5 **interest at the rate of 1.25% per month and penalties computed**
6 **from the date the taxes were last payable without interest or**
7 **penalty.** ~~For taxes levied in 1994 only, the county treasurer~~
8 ~~shall waive any interest and penalties due if the owner pays the~~
9 ~~supplemental tax bill not more than 30 days after the owner~~
10 ~~receives the supplemental tax bill. Interest and penalties shall~~
11 ~~not be assessed for any period before February 14, 1995.~~
12 **Additional interest on any tax set forth in a corrected or**
13 **supplemental tax bill shall begin to accrue 60 days after the**
14 **date the corrected or supplemental tax bill is issued at the rate**
15 **of 1.25% per month. Taxes levied in a corrected or supplemental**
16 **tax bill shall be returned as delinquent on the March 1 in the**
17 **year immediately succeeding the year in which the corrected or**
18 **supplemental tax bill is issued. If the department of treasury**
19 **denies an existing claim for exemption, the interest due shall be**
20 **distributed as provided in subsection (24).** However, if the
21 property has been transferred to a bona fide purchaser before
22 additional taxes were billed to the seller as a result of the
23 denial of a claim for exemption, the taxes, interest, and
24 penalties **shall not be a lien on the property and** shall not be
25 billed to the bona fide purchaser, and the local tax collecting
26 unit if the local tax collecting unit has possession of the tax
27 roll or the county treasurer if the county has possession of the

1 tax roll shall notify the department of treasury of the amount of
2 tax due and interest through the date of that notification. The
3 department of treasury shall then assess the owner who claimed
4 the ~~homestead property tax~~ exemption **under this section** for the
5 tax and interest plus penalty accruing as a result of the denial
6 of the claim for exemption, if any, as for unpaid taxes provided
7 under 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax
8 ~~, interest,~~ or penalty collected into the state school aid fund
9 **and shall distribute any interest collected as provided in**
10 **subsection (24).**

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

1 ~~exemption.~~

2 (9) The department of treasury may enter into an agreement
3 regarding the implementation or administration of subsection (8)
4 with the assessor of any local tax collecting unit in a county
5 that has not elected to audit exemptions claimed under this
6 section as provided in subsection (10). The agreement may
7 specify that for a period of time, not to exceed 120 days, the
8 department of treasury will not deny an exemption identified by
9 the department of treasury in the list provided under subsection
10 (11).

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

1 provided in subsection (8). If a county does not elect to audit
2 the exemptions claimed under this section as provided in this
3 subsection, the department of treasury shall conduct an audit of
4 exemptions claimed under this section in the initial 2-year audit
5 period for each local tax collecting unit in that county unless
6 the department of treasury has entered into an agreement with the
7 assessor for that local tax collecting unit under subsection (9).

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

1 the assessor of the local tax collecting unit in which the
2 property is located to remove the exemption of the property from
3 the assessment roll and, if the tax roll is in the local tax
4 collecting unit's possession, direct the assessor of the local
5 tax collecting unit to amend the tax roll to reflect the denial
6 and the treasurer of the local tax collecting unit shall within
7 30 days of the date of the denial issue a corrected tax bill for
8 previously unpaid taxes with interest at the rate of 1.25% per
9 month and penalties computed from the date the taxes were last
10 payable without interest and penalty. If the tax roll is in the
11 county treasurer's possession, the tax roll shall be amended to
12 reflect the denial and the county treasurer shall within 30 days
13 of the date of the denial prepare and submit a supplemental tax
14 bill for any additional taxes, together with interest at the rate
15 of 1.25% per month and penalties computed from the date the taxes
16 were last payable without interest or penalty. Additional
17 interest on any tax set forth in a corrected or supplemental tax
18 bill shall begin to accrue 60 days after the date the corrected
19 or supplemental tax bill is issued at the rate of 1.25% per
20 month. Taxes levied in a corrected or supplemental tax bill
21 shall be returned as delinquent on the March 1 in the year
22 immediately succeeding the year in which the corrected or
23 supplemental tax bill is issued. If the county treasurer or his
24 or her designee or the county equalization director or his or her
25 designee denies an existing claim for exemption, the interest due
26 shall be distributed as provided in subsection (24). However, if
27 the property has been transferred to a bona fide purchaser before

1 additional taxes were billed to the seller as a result of the
2 denial of a claim for exemption, the taxes, interest, and
3 penalties shall not be a lien on the property and shall not be
4 billed to the bona fide purchaser, and the local tax collecting
5 unit if the local tax collecting unit has possession of the tax
6 roll or the county treasurer if the county has possession of the
7 tax roll shall notify the department of treasury of the amount of
8 tax due and interest through the date of that notification. The
9 department of treasury shall then assess the owner who claimed
10 the exemption under this section for the tax and interest plus
11 penalty accruing as a result of the denial of the claim for
12 exemption, if any, as for unpaid taxes provided under 1941 PA
13 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty
14 collected into the state school aid fund and shall distribute any
15 interest collected as provided in subsection (24). The
16 department of treasury shall annually provide the county
17 treasurer or his or her designee or the county equalization
18 director or his or her designee a list of parcels of property
19 located in that county for which an exemption may be erroneously
20 claimed. The county treasurer or his or her designee or the
21 county equalization director or his or her designee shall forward
22 copies of the list provided by the department of treasury to each
23 assessor in each local tax collecting unit in that county within
24 10 days of receiving the list.

25 (12) If a county elects to audit exemptions claimed under
26 this section as provided in subsection (10), the county treasurer
27 or the county equalization director may enter into an agreement

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

7 (13) An owner may appeal a denial by the assessor of the
8 local tax collecting unit under subsection (6), a final decision
9 of the department of treasury under subsection (8), or a denial
10 by the county treasurer or his or her designee or the county
11 equalization director or his or her designee under subsection
12 (11) to the residential and small claims division of the Michigan
13 tax tribunal within 35 days of that decision. An owner is not
14 required to pay the amount of tax in dispute in order to appeal a
15 denial of a claim of exemption to the department of treasury or
16 to receive a final determination of the residential and small
17 claims division of the Michigan tax tribunal. However, interest
18 at the rate of 1.25% per month and penalties shall accrue and be
19 computed from the date the taxes were last payable without
20 interest and penalty. If the residential and small claims
21 division of the Michigan tax tribunal grants an owner's appeal of
22 a denial and that owner has paid the interest due as a result of
23 a denial under subsection (6), (8), or (11), the interest
24 received after a distribution was made under subsection (24)
25 shall be refunded.

26 (14) For taxes levied after December 31, 2005, for each
27 county in which the county treasurer or the county equalization

1 director does not elect to audit the exemptions claimed under
2 this section as provided in subsection (10), the department of
3 treasury shall conduct an annual audit of exemptions claimed
4 under this section for the current calendar year.

5 (15) ~~-(9)-~~ An affidavit filed by an owner for ~~a homestead~~
6 **the exemption under this section** rescinds all previous exemptions
7 filed by that owner for any other ~~homestead~~ **property**. The
8 department of treasury shall notify the assessor of the local tax
9 collecting unit in which the property for which a previous
10 exemption was claimed is located that the previous exemption is
11 rescinded by the subsequent affidavit. Upon receipt of notice
12 that an exemption is rescinded, the assessor of the local tax
13 collecting unit shall remove the exemption effective December 31
14 of the year in which the property is transferred or is no longer
15 a ~~homestead~~ **principal residence** as defined in section 7dd. The
16 assessor of the local tax collecting unit in which that property
17 is located shall notify the treasurer in possession of the tax
18 roll for a year for which the exemption is rescinded. If the tax
19 roll is in the local tax collecting unit's possession, the tax
20 roll shall be amended to reflect the rescission and the local
21 treasurer shall prepare and issue a corrected tax bill for
22 previously unpaid taxes with interest and penalties computed
23 based on the interest and penalties that would have accrued from
24 the date the taxes were originally levied if there had not been
25 an exemption for that year. If the tax roll is in the county
26 treasurer's possession, the tax roll shall be amended to reflect
27 the rescission and the county treasurer shall prepare and submit

1 a supplemental tax bill for any additional taxes, together with
2 any interest and penalties. However, if the property has been
3 transferred to a bona fide purchaser, the taxes, interest, and
4 penalties shall not be billed to the bona fide purchaser, and the
5 local tax collecting unit if the local tax collecting unit has
6 possession of the tax roll or the county treasurer if the county
7 has possession of the tax roll shall notify the department of
8 treasury of the amount of tax due and interest through the date
9 of that notification. The department of treasury shall then
10 assess the owner who received the ~~homestead property tax~~
11 exemption **under this section** when the property was not a
12 ~~homestead~~ **principal residence** as defined in section 7dd for the
13 tax and interest plus penalty accruing, if any, as for unpaid
14 taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and shall
15 deposit any tax, interest, or penalty collected into the state
16 school aid fund.

17 (16) ~~(10)~~ An owner of property for which a claim of
18 exemption is rescinded may appeal that rescission with either the
19 July or December board of review in either the year for which the
20 exemption is rescinded or in the immediately succeeding year. If
21 an appeal of a rescission of a claim for exemption is received
22 not later than 5 days prior to the date of the December board of
23 review, the local tax collecting unit shall convene a December
24 board of review and consider the appeal pursuant to this section
25 and section 53b. An owner of property for which a claim of
26 exemption is rescinded may appeal the decision of the board of
27 review to the residential and small claims division of the

1 Michigan tax tribunal within 35 days of that decision.

2 (17) ~~-(11)-~~ If the ~~homestead~~ **principal residence** is part of
3 a unit in a multiple-unit dwelling or a dwelling unit in a
4 multiple-purpose structure, an owner shall claim an exemption for
5 only that portion of the total taxable value of the property used
6 as the ~~homestead~~ **principal residence** of that owner in a manner
7 prescribed by the department of treasury. If a portion of a
8 parcel for which the owner claims an exemption is used for a
9 purpose other than as a ~~homestead~~ **principal residence**, the
10 owner shall claim an exemption for only that portion of the
11 taxable value of the property used as the ~~homestead~~ **principal**
12 **residence** of that owner in a manner prescribed by the department
13 of treasury.

14 (18) ~~-(12)-~~ When a county register of deeds records a
15 transfer of ownership of a property, he or she shall notify the
16 local tax collecting unit in which the property is located of the
17 transfer.

18 (19) ~~-(13)-~~ The department of treasury shall make available
19 the affidavit forms and the forms to rescind an exemption, which
20 may be on the same form, to all city and township assessors,
21 county equalization officers, county registers of deeds, and
22 closing agents. A person who prepares a closing statement for
23 the sale of property shall provide affidavit and rescission forms
24 to the buyer and seller at the closing and, if requested by the
25 buyer or seller after execution by the buyer or seller, shall
26 file the forms with the local tax collecting unit in which the
27 property is located. If a closing statement preparer fails to

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

18 (20) ~~-(14)-~~ An owner who owned and occupied a ~~homestead~~
 19 **principal residence** on May 1 **for taxes levied before January 1,**
 20 **2004 and the tax day as provided in section 2 for taxes levied**
 21 **after December 31, 2003** for which the exemption was not on the
 22 tax roll may file an appeal with the July board of review or
 23 December board of review in the year for which the exemption was
 24 claimed or the immediately succeeding 3 years. If an appeal of a
 25 claim for exemption that was not on the tax roll is received not
 26 later than 5 days prior to the date of the December board of
 27 review, the local tax collecting unit shall convene a December

1 board of review and consider the appeal pursuant to this section
2 and section 53b.

3 (21) ~~—(15)—~~ If the assessor or treasurer of the local tax
4 collecting unit believes that the department of treasury
5 erroneously denied a claim for exemption, the assessor or
6 treasurer may submit written information supporting the owner's
7 claim for exemption to the department of treasury within 35 days
8 of the owner's receipt of the notice denying the claim for
9 exemption. If, after reviewing the information provided, the
10 department of treasury determines that the claim for exemption
11 was erroneously denied, the department of treasury shall grant
12 the exemption and the tax roll shall be amended to reflect the
13 exemption.

14 (22) ~~—(16)—~~ If granting the exemption under this section
15 results in an overpayment of the tax, a rebate, including any
16 interest paid, shall be made to the taxpayer by the local tax
17 collecting unit if the local tax collecting unit has possession
18 of the tax roll or by the county treasurer if the county has
19 possession of the tax roll within 30 days of the date the
20 exemption is granted. The rebate shall be without interest.

21 (23) ~~—(17)—~~ If an exemption under this section is erroneously
22 granted **for an affidavit filed before October 1, 2003**, an owner
23 may request in writing that the department of treasury withdraw
24 the exemption. **The request to withdraw the exemption shall be**
25 **received not later than November 1, 2003.** If an owner requests
26 that an exemption be withdrawn, the department of treasury shall
27 issue an order notifying the local assessor that the exemption

1 issued under this section has been denied based on the owner's
 2 request. If an exemption is withdrawn, the property that had
 3 been subject to that exemption shall be immediately placed on the
 4 tax roll by the local tax collecting unit if the local tax
 5 collecting unit has possession of the tax roll or by the county
 6 treasurer if the county has possession of the tax roll as though
 7 the exemption had not been granted. A corrected tax bill shall
 8 be issued for the tax year being adjusted by the local tax
 9 collecting unit if the local tax collecting unit has possession
 10 of the tax roll or by the county treasurer if the county has
 11 possession of the tax roll. ~~—If~~ **Unless a denial has been issued**
 12 **prior to July 1, 2003, if** an owner requests that an exemption
 13 under this section be withdrawn ~~before that owner is contacted~~
 14 ~~in writing by either the local assessor or the department of~~
 15 ~~treasury regarding that owner's eligibility for the exemption~~
 16 and that owner pays the corrected tax bill issued under this
 17 subsection within 30 days after the corrected tax bill is issued,
 18 that owner is not liable for any penalty or interest on the
 19 additional tax. An owner who pays a corrected tax bill issued
 20 under this subsection more than 30 days after the corrected tax
 21 bill is issued is liable for the penalties and interest that
 22 would have accrued if the exemption had not been granted from the
 23 date the taxes were originally levied.

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

27 **(a) If the assessor of the local tax collecting unit denies**

1 the exemption under this section, as follows:

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

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

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

5 (b) If the department of treasury denies the exemption this
6 section, as follows:

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

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

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

10 (c) If the county treasurer or his or her designee or the
11 county equalization director or his or her designee denies the
12 exemption under this section, as follows:

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

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

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

16 (25) Interest distributed under subsection (24) is subject to
17 the following conditions:

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

25 (b) Interest distributed to the department of treasury shall
26 be deposited into the principal residence property tax exemption
27 audit fund, which is created within the state treasury. The

1 state treasurer may receive money or other assets from any source
 2 for deposit into the fund. The state treasurer shall direct the
 3 investment of the fund. The state treasurer shall credit to the
 4 fund interest and earnings from fund investments. Money in the
 5 fund shall be considered a work project account and at the close
 6 of the fiscal year shall remain in the fund and shall not lapse
 7 to the general fund. Money from the fund shall be expended, upon
 8 appropriation, only for the purpose of auditing exemption
 9 affidavits.

10 (26) Interest distributed under subsection (24) is in
 11 addition to and shall not affect the levy or collection of the
 12 county property tax administration fee established under this
 13 act.

14 (27) ~~-(18) For tax years beginning on and after January 1,~~
 15 ~~1994, a~~ A cooperative housing corporation is entitled to a full
 16 or partial exemption under this section for the tax year in which
 17 the cooperative housing corporation files all of the following
 18 with the local tax collecting unit in which the cooperative
 19 housing corporation is located if filed on or before May 1 ~~of~~
 20 ~~the tax year, or for the tax year following the year in which all~~
 21 ~~of the following are filed if filed after May 1 of the tax year~~
 22 for taxes levied before January 1, 2004 and the tax day as
 23 provided in section 2 for taxes levied after December 31, 2003:

24 (a) An affidavit form.

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

1 under this subsection.

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

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

12 (28) Before May 1, 2004 and before May 1, 2005, the treasurer
13 of each county shall forward to the department of education a
14 statement of the taxable value of each school district and
15 fraction of a school district within the county for the preceding
16 4 calendar years. This requirement is in addition to the
17 requirement set forth in section 151 of the state school aid act
18 of 1979, 1979 PA 94, MCL 388.1751.

19 Sec. 7dd. As used in sections 7cc and 7ee:

20 ~~(a) "Homestead" means that portion of a dwelling or unit in~~
21 ~~a multiple-unit dwelling that is subject to ad valorem taxes and~~
22 ~~is owned and occupied as a principal residence by an owner of the~~
23 ~~dwelling or unit. Homestead also includes all of an owner's~~
24 ~~unoccupied property classified as residential that is adjoining~~
25 ~~or contiguous to the dwelling subject to ad valorem taxes and~~
26 ~~that is owned and occupied as a principal residence by the~~
27 ~~owner. Contiguity is not broken by a road, a right-of-way, or~~

~~1 property purchased or taken under condemnation proceedings by a
 2 public utility for power transmission lines if the 2 parcels
 3 separated by the purchased or condemned property were a single
 4 parcel prior to the sale or condemnation. Homestead also
 5 includes any portion of a principal residence of an owner that is
 6 rented or leased to another person as a residence as long as that
 7 portion of the principal residence that is rented or leased is
 8 less than 50% of the total square footage of living space in that
 9 principal residence. Homestead also includes a life care
 10 facility registered under the living care disclosure act, Act
 11 No. 440 of the Public Acts of 1976, being sections 554.801 to
 12 554.844 of the Michigan Compiled Laws. Homestead also includes
 13 property owned by a cooperative housing corporation and occupied
 14 as a principal residence by tenant stockholders.~~

15 **(a)** ~~-(b)-~~ "Owner" means any of the following:

16 (i) A person who owns property or who is purchasing property
 17 under a land contract.

18 (ii) A person who is a partial owner of property.

19 (iii) A person who owns property as a result of being a
 20 beneficiary of a will or trust or as a result of intestate
 21 succession.

22 (iv) A person who owns or is purchasing a dwelling on leased
 23 land.

24 (v) A person holding a life lease in property previously sold
 25 or transferred to another.

26 (vi) A grantor who has placed the property in a revocable
 27 trust or a qualified personal residence trust.

1 (vii) A cooperative housing corporation.

2 (viii) A facility registered under ~~Act No. 440 of the Public~~
3 ~~Acts of 1976~~ **the living care disclosure act, 1976 PA 440, MCL**
4 **554.801 to 554.844.**

5 (b) ~~-(e)-~~ "Person", for purposes of defining owner as used in
6 section 7cc, means an individual and for purposes of defining
7 owner as used in section 7ee means an individual, partnership,
8 corporation, limited liability company, association, or other
9 legal entity.

10 (c) ~~-(d)-~~ "Principal residence" means the 1 place where ~~a~~
11 ~~person~~ **an owner of the property** has his or her true, fixed, and
12 permanent home to which, whenever absent, he or she intends to
13 return and that shall continue as a principal residence until
14 another principal residence is established. **Principal residence**
15 **includes only that portion of a dwelling or unit in a**
16 **multiple-unit dwelling that is subject to ad valorem taxes and**
17 **that is owned and occupied by an owner of the dwelling or unit.**
18 Principal residence also includes all of an owner's unoccupied
19 property classified as residential that is adjoining or
20 contiguous to the dwelling subject to ad valorem taxes and that
21 is owned and occupied by the owner. Contiguity is not broken by
22 a road, a right-of-way, or property purchased or taken under
23 condemnation proceedings by a public utility for power
24 transmission lines if the 2 parcels separated by the purchased or
25 condemned property were a single parcel prior to the sale or
26 condemnation. Principal residence also includes any portion of a
27 dwelling or unit of an owner that is rented or leased to another

1 person as a residence as long as that portion of the dwelling or
 2 unit that is rented or leased is less than 50% of the total
 3 square footage of living space in that dwelling or unit.
 4 Principal residence also includes a life care facility registered
 5 under the living care disclosure act, 1976 PA 440, MCL 554.801 to
 6 554.844. Principal residence also includes property owned by a
 7 cooperative housing corporation and occupied by tenant
 8 stockholders.

9 (d) ~~-(e)-~~ "Qualified agricultural property" means unoccupied
 10 property and related buildings classified as agricultural, or
 11 other unoccupied property and related buildings located on that
 12 property devoted primarily to agricultural use as defined in
 13 section 36101 of ~~part 361 (farmland and open space preservation)~~
 14 ~~of the natural resources and environmental protection act, Act~~
 15 ~~No. 451 of the Public Acts of 1994, being section 324.36101 of~~
 16 ~~the Michigan Compiled Laws 1994 PA 451, MCL 324.36101.~~ Related
 17 buildings include a residence occupied by a person employed in or
 18 actively involved in the agricultural use and who has not claimed
 19 a ~~homestead~~ **principal residence** exemption on other property.
 20 Property used for commercial storage, commercial processing,
 21 commercial distribution, commercial marketing, or commercial
 22 shipping operations or other commercial or industrial purposes is
 23 not qualified agricultural property. A parcel of property is
 24 devoted primarily to agricultural use only if more than 50% of
 25 the parcel's acreage is devoted to agricultural use. An owner
 26 shall not receive an exemption for that portion of the total
 27 state equalized valuation of the property that is used for a

1 commercial or industrial purpose or that is a residence that is
2 not a related building.

3 Sec. 9. The following personal property is exempt from
4 taxation:

5 (a) The personal property of charitable, educational, and
6 scientific institutions incorporated under the laws of this
7 state. This exemption does not apply to secret or fraternal
8 societies, but the personal property of all charitable homes of
9 ~~the~~ **secret or fraternal** societies and nonprofit corporations
10 that own and operate facilities for the aged and chronically ill
11 in which the net income from the operation of the **nonprofit**
12 corporations **or secret or fraternal societies** does not inure to
13 the benefit of a person other than the residents is exempt.

14 (b) The property of all library associations, circulating
15 libraries, libraries of reference, and reading rooms owned or
16 supported by the public and not used for gain.

17 (c) The property of posts of the grand army of the republic,
18 sons of veterans' unions, and of the women's relief corps
19 connected with them, of young men's Christian associations,
20 women's Christian temperance union associations, young people's
21 Christian unions, a boy or girl scout or camp fire girls
22 organization, 4-H clubs, and other similar associations.

23 (d) Pensions receivable from the United States.

24 (e) The property of Indians who are not citizens.

25 (f) The personal property owned and used by a householder
26 such as customary furniture, fixtures, provisions, fuel, and
27 other similar equipment, ~~and the~~ wearing apparel including

1 personal jewelry, family pictures, school books, library books of
2 reference, and allied items. Personal property is not exempt
3 under this subdivision if it is used to produce income, if it is
4 held for speculative investment, or if it constitutes an
5 inventory of goods for sale in the regular course of trade.

6 (g) Household furnishings, provisions, and fuel ~~to the state~~
7 ~~equalized value~~ of not more than \$5,000.00 **in taxable value**, of
8 each social or professional fraternity, sorority, and student
9 cooperative house recognized by the educational institution at
10 which it is located.

11 (h) The working tools of a mechanic ~~to the state equalized~~
12 ~~value~~ of not more than \$500.00 **in taxable value**. "Mechanic", as
13 used in this subdivision, means a person skilled in a trade
14 pertaining to a craft or in the construction or repair of
15 machinery if the person's employment by others is dependent on
16 his or her furnishing the tools.

17 (i) Fire engines and other implements used in extinguishing
18 fires owned or used by an organized or independent fire company.

19 (j) Property actually ~~being~~ used in agricultural operations
20 and ~~the~~ farm implements held for sale or resale by retail
21 servicing dealers for use in agricultural production. As used in
22 this subdivision, "agricultural operations" means farming in all
23 its branches, including cultivation of the soil, growing and
24 harvesting of an agricultural, horticultural, or floricultural
25 commodity, dairying, raising of livestock, bees, fur-bearing
26 animals, or poultry, turf and tree farming, raising and
27 harvesting of fish, and any practices performed by a farmer or on

1 a farm as an incident to, or in conjunction with, farming
 2 operations, but excluding retail sales and food processing
 3 operations. Property used in agricultural operations includes
 4 machinery used to prepare the crop for market operated incidental
 5 to a farming operation that does not substantially alter the
 6 form, shape, or substance of the crop and is limited to cleaning,
 7 cooling, washing, pitting, grading, sizing, sorting, drying,
 8 bagging, boxing, crating, and handling if not less than 33% of
 9 the volume of the crops processed in the year ending on the
 10 applicable tax day or in at least 3 of the immediately preceding
 11 5 years were grown by the farmer in Michigan who is the owner or
 12 user of the crop processing machinery.

13 (k) Personal property ~~to the state equalized value~~ of not
 14 more than \$500.00 **in taxable value** used by a householder in the
 15 operation of a business in the householder's dwelling or at 1
 16 other location in the city, township, or village ~~where~~ **in which**
 17 the householder resides.

18 (l) The products, materials, or goods processed or otherwise
 19 and in whatever form, but expressly excepting alcoholic
 20 beverages, located in a public warehouse, United States customs
 21 port of entry bonded warehouse, dock, or port facility on
 22 December 31 of each year, if those products, materials, or goods
 23 are designated as in transit to destinations ~~out of~~ **outside**
 24 **this** state pursuant to the published tariffs of a railroad or
 25 common carrier by ~~the~~ filing ~~of~~ the freight bill covering the
 26 products, materials, or goods with the agency designated by the
 27 tariffs, ~~so as to entitle~~ **entitling** the shipper to

1 transportation rate privileges. Products in a United States
2 customs port of entry bonded warehouse that arrived from another
3 state or a foreign country, whether awaiting shipment to another
4 state or to a final destination within this state, are considered
5 to be in transit and temporarily at rest, and not subject to
6 ~~personal property taxation~~ **the collection of taxes under this**
7 **act.** To obtain **an exemption for products, materials, or goods**
8 **under this subdivision**, the owner shall file a sworn statement
9 with, and in the form required by, the assessing officer of the
10 tax district in which the warehouse, dock, or port facility is
11 located, at a time between the tax day, December 31, and before
12 ~~closing of~~ **the assessing officer closes** the assessment rolls
13 ~~by the assessing officer,~~ describing the products, materials,
14 or goods, and reporting their cost and value as of December 31 of
15 each year. The status of persons ~~—~~ and products, materials, or
16 goods for which **an exemption is requested** ~~shall be~~ **is**
17 determined as of December 31, which ~~shall be~~ **is** the tax day.
18 ~~The assessment on the basis of average monthly inventory does~~
19 ~~not apply in valuing products, materials, or goods for which~~
20 ~~exemption is requested.~~ Any property located in a public
21 warehouse, dock, or port facility on December 31 of each year ~~—~~
22 ~~which~~ **that** is exempt from taxation under this subdivision but
23 ~~which~~ **that** is not shipped outside ~~the~~ **this** state pursuant to
24 the particular tariff under which the transportation rate
25 privilege was established ~~—~~ shall be assessed upon the ~~next~~
26 **immediately** succeeding or a subsequent assessment roll by the
27 assessing officer and taxed at the same rate of taxation as other

1 taxable ~~properties~~ **property** for the year or years for which the
 2 property was exempted ~~—~~ to the owner at the time of the
 3 omission ~~—~~ unless the owner or person entitled to possession of
 4 the products, materials, or goods is a resident of, or authorized
 5 to do business in, this state and files with the assessing
 6 officer, with whom statements of taxable property are required to
 7 be filed, a statement under oath that the products, materials, or
 8 goods are not for sale or use in this state and will be shipped
 9 to a point or points outside this state. If a person, firm, or
 10 corporation claims exemption by ~~the~~ filing ~~of~~ a sworn
 11 statement, the person, firm, or corporation shall append to the
 12 statement of taxable property required to be filed in the ~~next~~
 13 **immediately succeeding** year or, if a statement of taxable
 14 property is not filed for the ~~next~~ **immediately succeeding** year,
 15 **to** a sworn statement **filed** on a form required by the assessing
 16 officer, ~~shall be filed showing~~ a complete list of the property
 17 for which the exemption was claimed with a statement of the
 18 manner of shipment and of the point or points to which the
 19 products, materials, or goods were shipped from the public
 20 warehouse, dock, or port facility. ~~and~~ **The assessing officer**
 21 **shall assess** the products, materials, or goods not shipped to a
 22 point or points outside this state ~~shall be assessed~~ upon the
 23 ~~next~~ **immediately** succeeding assessment roll ~~—~~ or on a
 24 subsequent assessment roll ~~by the assessing officer~~ and **the**
 25 **products, materials, or goods shall be** taxed at the same rate of
 26 taxation as other taxable ~~properties~~ **property** for the year or
 27 years for which the property was exempted ~~—~~ to the owner at the

1 time of the omission. The records, accounts, and books of
2 warehouses, docks, or port facilities, individuals, partnerships,
3 corporations, owners, or those in possession of tangible personal
4 property shall be open to and available for inspection,
5 examination, or auditing by assessing officers. A warehouse,
6 dock, ~~or~~ port facility, individual, partnership, corporation,
7 owner, or person in possession of tangible personal property
8 shall report within 90 days after shipment of products,
9 materials, or goods in transit, for which **an** exemption under this
10 section was claimed or granted, the destination of shipments or
11 parts of shipments and the cost value of those shipments **or parts**
12 **of shipments** to the assessing officer. ~~For failure to comply~~
13 ~~with this requirement, the~~ **A** warehouse, dock, ~~or~~ port
14 facility, individual, partnership, corporation, or owner is
15 subject to a fine of \$100.00 for each ~~omission~~ **failure to**
16 **report the destination and cost value of shipments or parts of**
17 **shipments as required in this subdivision.** A person, firm,
18 individual, partnership, corporation, or owner failing to report
19 products, materials, or goods located in a warehouse, dock, or
20 port facility to the assessing officer is subject to a fine of
21 \$100.00 and a penalty of 50% of the final amount of taxes found
22 to be assessable for the year on property not reported, the
23 assessable taxes and penalty to be spread on a subsequent
24 assessment roll in the same manner as general taxes on personal
25 property. For the purpose of this subdivision, a public
26 warehouse, dock, or port facility means a warehouse, dock, or
27 port facility owned or operated by a person, firm, or corporation

1 engaged in the business of storing products, materials, or goods
 2 for hire for profit who issues a schedule of rates for storage of
 3 the products, materials, or goods and who issues warehouse
 4 receipts pursuant to ~~Act No. 303 of the Public Acts of 1909,~~
 5 ~~being sections 443.50 to 443.55 of the Michigan Compiled Laws~~
 6 **1909 PA 303, MCL 443.50 to 443.55.** A United States customs port
 7 of entry bonded warehouse means a **customs** warehouse within a
 8 classification designated by 19 C.F.R. 19.1 and ~~which~~ **that** is
 9 located in a port of entry, as defined by 19 C.F.R. ~~101.1(m)~~
 10 **101.1.** A portion of a public warehouse, United States customs
 11 port of entry bonded warehouse, dock, or port facility leased to
 12 a tenant or a portion of any premises owned or leased or operated
 13 by a consignor or consignee or an affiliate or subsidiary of the
 14 consignor or consignee ~~shall~~ **is** not ~~be considered~~ a public
 15 warehouse, dock, or port facility.

16 (m) Personal property owned by a bank or trust company
 17 organized under the laws of this state, **a** national banking
 18 association, or **an** incorporated bank holding company as defined
 19 in section 2 of the bank holding company act of 1956, chapter
 20 240, 70 Stat. 133, 12 U.S.C. 1841, that controls a bank, national
 21 banking association, trust company, or industrial bank subsidiary
 22 located in this state. ~~However, buildings~~ **Buildings** owned by a
 23 state or national bank, trust company, or incorporated bank
 24 holding company and situated upon lands of which the state or
 25 national bank, trust company, or incorporated bank holding
 26 company is not the owner of the fee are considered real property
 27 and are not exempt from taxation. ~~and personal~~ **Personal**

1 property owned by a state or national bank, trust company, or
2 incorporated bank holding company that is leased, loaned, or
3 otherwise made available to and used by a private individual,
4 association, or corporation in connection with a business
5 conducted for profit is not exempt from taxation.

6 (n) Farm products, processed or otherwise, the ultimate use
7 of which is for human or animal consumption as food, except wine,
8 beer, and other alcoholic beverages regularly placed in storage
9 in a public warehouse, dock, or port facility — while in
10 storage are considered in transit and only temporarily at rest
11 — and are not subject to personal property taxation. The
12 assessing officer is the determining authority as to what
13 constitutes, is defined as, or classified as, farm products as
14 used in this subdivision. The records, accounts, and books of
15 warehouses, docks, or port facilities, individuals, partnerships,
16 corporations, owners, or those in possession of farm products
17 shall be open to and available for inspection, examination, or
18 auditing by assessing officers.

19 (o) Sugar, in solid or liquid form, produced from sugar
20 beets, ~~and~~ dried beet pulp, and beet molasses ~~— when —~~ if owned
21 or held by processors.

22 (p) The personal property of a parent cooperative preschool.
23 As used in this subdivision and section 7z, "parent cooperative
24 preschool" means a nonprofit, nondiscriminatory educational
25 institution maintained as a community service and administered by
26 parents of children currently enrolled in the preschool, that
27 provides an educational and developmental program for children

1 younger than compulsory school age, that provides an educational
2 program for parents, including active participation with children
3 in preschool activities, that is directed by qualified preschool
4 personnel, and that is licensed ~~by the department of social~~
5 ~~services~~ under ~~Act No. 116 of the Public Acts of 1973, being~~
6 ~~sections 722.111 to 722.128 of the Michigan Compiled Laws 1973~~
7 **PA 116, MCL 722.111 to 722.128.**

8 (q) All equipment used exclusively in wood harvesting, but
9 not including portable or stationary sawmills or other equipment
10 used in secondary processing operations. As used in this
11 subdivision, "wood harvesting" means ~~the~~ clearing ~~of~~ land for
12 forest management purposes, ~~the~~ planting ~~of~~ trees, ~~and~~ all
13 forms of cutting or chipping ~~of~~ trees, and ~~the~~ loading ~~of~~
14 ~~them~~ **trees** on trucks for removal from the harvest area.

15 (r) Liquefied petroleum gas tanks located on residential or
16 agricultural property ~~and~~ used to store liquefied petroleum gas
17 for residential or agricultural property use. ~~As used in this~~
18 ~~subdivision, "liquefied petroleum gas" means that term as defined~~
19 ~~in section 51 of Act No. 150 of the Public Acts of 1927, being~~
20 ~~section 207.151 of the Michigan Compiled Laws.~~

21 (s) Water conditioning systems used for a residential
22 dwelling.

23 (t) **For taxes levied after December 31, 2000, aircraft**
24 **excepted from the registration provisions of the aeronautics code**
25 **of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and**
26 **all other aircraft operating under the provisions of a**
27 **certificate issued under 14 C.F.R. part 121, and all spare parts**

1 for such aircraft.

2 Sec. 24c. (1) The assessor shall give to each owner or
3 person or persons listed on the assessment roll of the property a
4 notice by first-class mail of an increase in the tentative state
5 equalized valuation or the tentative taxable value for the year.
6 The notice shall specify each parcel of property, the tentative
7 taxable value for the current year, and ~~—, beginning in 1996,~~
8 the taxable value for the immediately preceding year. The notice
9 shall also specify the time and place of the meeting of the board
10 of review. ~~Beginning in 1996, the~~ **The** notice shall also
11 specify the difference between the property's tentative taxable
12 value in the current year and the property's taxable value in the
13 immediately preceding year.

14 (2) The notice shall include, in addition to the information
15 required by subsection (1), all of the following:

16 (a) The state equalized valuation for the immediately
17 preceding year.

18 (b) The tentative state equalized valuation for the current
19 year.

20 (c) The net change between the tentative state equalized
21 valuation for the current year and the state equalized valuation
22 for the immediately preceding year.

23 (d) The classification of the property as defined by section
24 34c.

25 (e) The inflation rate for the immediately preceding year as
26 defined in section 34d.

27 (f) A statement provided by the state tax commission

1 explaining the relationship between state equalized valuation and
2 taxable value. ~~Beginning in 1996, if~~ **If** the assessor believes
3 that a transfer of ownership has occurred in the immediately
4 preceding year, the statement shall state that the ownership was
5 transferred and that the taxable value of that property is the
6 same as the state equalized valuation of that property.

7 (3) When required by the income tax act of 1967, 1967 PA 281,
8 MCL 206.1 to 206.532, the assessment notice shall include or be
9 accompanied by information or forms prescribed by the income tax
10 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

11 (4) The assessment notice shall be addressed to the owner
12 according to the records of the assessor and mailed not less than
13 10 days before the meeting of the board of review. The failure
14 to send or receive an assessment notice does not invalidate an
15 assessment roll or an assessment on that property.

16 (5) The tentative state equalized valuation shall be
17 calculated by multiplying the assessment by the tentative
18 equalized valuation multiplier. If the assessor has made
19 assessment adjustments that would have changed the tentative
20 multiplier, the assessor may recalculate the multiplier for use
21 in the notice.

22 (6) The state tax commission shall prepare a model assessment
23 notice form that shall be made available to local units of
24 government.

25 (7) Beginning in 1995 **through 2003**, the assessment notice
26 under subsection (1) shall include the following statement:

"If you purchased your homestead after May 1 last year, to claim the homestead exemption, if you have not already done so, you are required to file an affidavit before May 1.".

(8) Beginning in 2004, the assessment notice under subsection (1) shall include the following statement:

"If you purchased your principal residence after December 31 last year, to claim the principal residence exemption for next year, if you have not already done so, you are required to file an affidavit on or before December 31 this year.".

(9) ~~—(8)—~~ For taxes levied after December 31, 2003, the assessment notice under subsection (1) shall separately state the state equalized valuation and taxable value for any leasehold improvements.

Sec. 27d. Not later than the fourth Monday in June in each year, the county equalization director for each county shall report all of the following to the state tax commission on a form prepared by the state tax commission:

(a) Total taxable value of all property in the county as of the fourth Monday in May in that year.

(b) Taxable value for each separately equalized class of property.

(c) Total taxable value of all property in the county for which a ~~homestead~~ **principal residence** exemption is granted under section 7cc or a qualified agricultural property exemption is granted under section 7ee.

1 (d) Total taxable value of all property in the county for
2 which a ~~homestead~~ **principal residence** exemption has not been
3 granted under section 7cc and a qualified agricultural property
4 exemption has not been granted under section 7ee.

5 Sec. 120. (1) A person claiming an exemption under section
6 7cc shall not do any of the following:

7 (a) Make a false or fraudulent affidavit claiming an
8 exemption or a false statement on an affidavit claiming an
9 exemption.

10 (b) Aid, abet, or assist another in an attempt to wrongfully
11 obtain an exemption.

12 (c) Make or permit to be made for himself or herself or for
13 any other person a false affidavit claiming an exemption or a
14 false statement on an affidavit claiming an exemption, either in
15 whole or in part.

16 (d) Fail to rescind an exemption after the property subject
17 to that exemption is no longer a ~~homestead~~ **principal residence**
18 as defined in section 7dd.

19 (2) A person who violates a provision of subsection (1) with
20 the intent to wrongfully obtain or attempt to obtain an exemption
21 under section 7cc is guilty of a misdemeanor punishable by
22 imprisonment of not more than 1 year and punishable by a fine of
23 not more than \$5,000.00 or public service of not more than 1,500
24 hours, or both.

25 (3) In addition to the penalties provided in subsection (2),
26 a person who knowingly swears to or verifies an affidavit
27 claiming an exemption under section 7cc, or an affidavit claiming

1 any exemption under section 7cc that contains a false or
2 fraudulent statement, with the intent to aid, abet, or assist in
3 defrauding this state or a political subdivision of this state,
4 is guilty of perjury, a misdemeanor punishable by imprisonment of
5 not more than 1 year and punishable by a fine of not more than
6 \$5,000.00 or public service of not more than 1,500 hours, or
7 both.

8 (4) A person who does not violate a provision of subsection
9 (1), but who knowingly violates any other provision of this act
10 with the intent to defraud this state or a political subdivision
11 of this state, is guilty of a misdemeanor punishable by a fine of
12 not more than \$1,000.00 or public service of not more than 500
13 hours, or both.

14 (5) The attorney general and the prosecuting attorney of each
15 county of this state have concurrent power to enforce this act.

16 (6) The penalty provisions set forth in subsections (2), (3),
17 and (4) do not apply to a violation of subsection (1) or any
18 other provision of this act occurring before December 31, 1995.

19 Enacting section 1. This amendatory act takes effect
20 January 1, 2004.

21 Enacting section 2. Section 9(t) of the general property
22 tax act, 1893 PA 206, MCL 211.9, as added by this amendatory act
23 is retroactive and is effective for taxes levied after December
24 31, 2000.

25 Enacting section 3. This amendatory act does not take
26 effect unless all of the following bills of the 92nd Legislature
27 are enacted into law:

- 1 (a) Senate Bill No. 129.
- 2 (b) Senate Bill No. 130.
- 3 (c) Senate Bill No. 131.
- 4 (d) Senate Bill No. 132.
- 5 (e) Senate Bill No. 134.
- 6 (f) Senate Bill No. 135.
- 7 (g) House Bill No. 4192.