

HOUSE BILL No. 5647

January 22, 2008, Introduced by Reps. Horn, Rick Jones, Caul, Calley, Meltzer, Acciavatti, Pavlov, Knollenberg, Moore, Stahl, Meekhof, David Law, Steil, Nitz, Agema, Pearce, Opsommer, Hoogendyk, Nofs, Hansen, Elsenheimer, Huizenga and Shaffer and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7cc, 24c, 27, 27a, and 30 (MCL 211.7cc, 211.24c, 211.27, 211.27a, and 211.30), section 7cc as amended by 2006 PA 664, section 24c as amended by 2003 PA 247, section 27 as amended by 2003 PA 274, section 27a as amended by 2006 PA 446, and section 30 as amended by 2003 PA 194.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

(2) ~~An~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), AN** owner of property may claim ~~an~~ **1** exemption under this section by filing an affidavit ~~on or before May 1~~ with the local tax collecting unit in which the property is located **ON OR BEFORE MAY 1 FOR TAXES LEVIED BEFORE JANUARY 1, 2008 OR, FOR TAXES LEVIED AFTER DECEMBER 31, 2007, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE NUMBER OF DAYS IN THAT TAX YEAR.** The affidavit shall state that the property is owned and occupied as a principal residence by that owner of the property on the date that the affidavit is signed. The affidavit shall be on a form prescribed by the department of treasury. One copy of the affidavit shall be retained by the owner, 1 copy shall be retained by the local tax collecting unit until any appeal or audit period under this act has expired, and 1 copy shall be forwarded to the department of treasury pursuant to subsection (4), together with all information submitted under subsection (26) for a cooperative housing corporation. The affidavit shall require the owner claiming the exemption to indicate if that owner or that owner's spouse has claimed another exemption on property in this state that is not rescinded or a substantially similar exemption, deduction, or credit on property in another state that is not rescinded. If the

1 affidavit requires an owner to include a social security number,
2 that owner's number is subject to the disclosure restrictions in
3 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
4 affidavit for an exemption under this section before January 1,
5 2004, that affidavit shall be considered the affidavit required
6 under this subsection for a principal residence exemption and that
7 exemption shall remain in effect until rescinded as provided in
8 this section.

9 (3) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A**
10 husband and wife who are required to file or who do file a joint
11 Michigan income tax return are entitled to not more than 1
12 exemption under this section. For taxes levied after December 31,
13 2002, a person is not entitled to an exemption under this section
14 if any of the following conditions occur:

15 (a) That person has claimed a substantially similar exemption,
16 deduction, or credit on property in another state that is not
17 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, or
21 credit substantially similar to the exemption provided under this
22 section, unless that person and his or her spouse file separate
23 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 (e) That person has previously rescinded an exemption under
5 this section for the same property for which an exemption is now
6 claimed and there has not been a transfer of ownership of that
7 property after the previous exemption was rescinded, if either of
8 the following conditions is satisfied:

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

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

15 (4) Upon receipt of an affidavit filed under subsection (2)
16 and unless the claim is denied under this section, the assessor
17 shall exempt the property from the collection of the tax levied by
18 a local school district for school operating purposes to the extent
19 provided under section 1211 of the revised school code, 1976 PA
20 451, MCL 380.1211, as provided in subsection (1) until December 31
21 of the year in which the property is transferred or, **EXCEPT AS**
22 **OTHERWISE PROVIDED IN SUBSECTION (5)**, is no longer a principal
23 residence as defined in section 7dd. The local tax collecting unit
24 shall forward copies of affidavits to the department of treasury
25 according to a schedule prescribed by the department of treasury.

26 (5) Not more than 90 days after exempted property is no longer
27 used as a principal residence by the owner claiming an exemption,

1 that owner shall rescind the claim of exemption by filing with the
2 local tax collecting unit a rescission form prescribed by the
3 department of treasury. HOWEVER, IF AN OWNER IS ELIGIBLE FOR AND
4 CLAIMS AN EXEMPTION FOR THAT OWNER'S CURRENT PRINCIPAL RESIDENCE,
5 THAT OWNER MAY RETAIN AN EXEMPTION FOR NOT MORE THAN 3 TAX YEARS ON
6 PROPERTY PREVIOUSLY EXEMPT AS HIS OR HER PRINCIPAL RESIDENCE IF
7 THAT PROPERTY IS NOT OCCUPIED, IS FOR SALE, IS NOT LEASED, AND IS
8 NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE BY FILING A
9 CONDITIONAL RESCISSION FORM PRESCRIBED BY THE DEPARTMENT OF
10 TREASURY ON OR BEFORE MAY 1 WITH THE LOCAL TAX COLLECTING UNIT.
11 PROPERTY IS ELIGIBLE FOR A CONDITIONAL RESCISSION IF THAT PROPERTY
12 IS AVAILABLE FOR LEASE AND ALL OTHER CONDITIONS UNDER THIS
13 SUBSECTION ARE MET. A COPY OF THE CONDITIONAL RESCISSION FORM SHALL
14 BE FORWARDED TO THE DEPARTMENT OF TREASURY ACCORDING TO A SCHEDULE
15 PRESCRIBED BY THE DEPARTMENT OF TREASURY. AN OWNER WHO FILES A
16 CONDITIONAL RESCISSION FORM SHALL ANNUALLY VERIFY TO THE ASSESSOR
17 OF THE LOCAL TAX COLLECTING UNIT ON OR BEFORE DECEMBER 31 THAT THE
18 PROPERTY FOR WHICH THE PRINCIPAL RESIDENCE EXEMPTION IS RETAINED IS
19 NOT OCCUPIED, IS FOR SALE, IS NOT LEASED, AND IS NOT USED FOR ANY
20 BUSINESS OR COMMERCIAL PURPOSE. IF AN OWNER DOES NOT ANNUALLY
21 VERIFY BY DECEMBER 31 THAT THE PROPERTY FOR WHICH THE PRINCIPAL
22 RESIDENCE EXEMPTION IS RETAINED IS NOT OCCUPIED, IS FOR SALE, IS
23 NOT LEASED, AND IS NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE,
24 THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT SHALL DENY THE
25 PRINCIPAL RESIDENCE EXEMPTION ON THAT PROPERTY. IF PROPERTY SUBJECT
26 TO A CONDITIONAL RESCISSION IS LEASED, THE LOCAL TAX COLLECTING
27 UNIT SHALL DENY THAT CONDITIONAL RESCISSION AND THAT DENIAL IS

1 **RETROACTIVE AND IS EFFECTIVE ON DECEMBER 31 OF THE YEAR IMMEDIATELY**
2 **PRECEDING THE YEAR IN WHICH THE PROPERTY SUBJECT TO THE CONDITIONAL**
3 **RESCISSION IS LEASED.** An owner who fails to file a rescission as

4 required by this subsection is subject to a penalty of \$5.00 per
5 day for each separate failure beginning after the 90 days have
6 elapsed, up to a maximum of \$200.00. This penalty shall be
7 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
8 deposited in the state school aid fund established in section 11 of
9 article IX of the state constitution of 1963. This penalty may be
10 waived by the department of treasury.

11 (6) ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), IF** the
12 assessor of the local tax collecting unit believes that the
13 property for which an exemption is claimed is not the principal
14 residence of the owner claiming the exemption, the assessor may
15 deny a new or existing claim by notifying the owner and the
16 department of treasury in writing of the reason for the denial and
17 advising the owner that the denial may be appealed to the
18 residential and small claims division of the Michigan tax tribunal
19 within 35 days after the date of the notice. The assessor may deny
20 a claim for exemption for the current year and for the 3
21 immediately preceding calendar years. If the assessor denies an
22 existing claim for exemption, the assessor shall remove the
23 exemption of the property and, if the tax roll is in the local tax
24 collecting unit's possession, amend the tax roll to reflect the
25 denial and the local treasurer shall within 30 days of the date of
26 the denial issue a corrected tax bill for any additional taxes with
27 interest at the rate of 1.25% per month or fraction of a month and

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

1 under this section for the tax, interest, and penalties accruing as
2 a result of the denial of the claim for exemption, if any, as for
3 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
4 shall deposit any tax or penalty collected into the state school
5 aid fund and shall distribute any interest collected as provided in
6 subsection (23). The denial shall be made on a form prescribed by
7 the department of treasury. If the property for which the assessor
8 has denied a claim for exemption under this subsection is located
9 in a county in which the county treasurer or the county
10 equalization director have elected to audit exemptions under
11 subsection (10), the assessor shall notify the county treasurer or
12 the county equalization director of the denial under this
13 subsection.

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

22 (8) The department of treasury shall determine if the property
23 is the principal residence of the owner claiming the exemption. The
24 department of treasury may review the validity of exemptions for
25 the current calendar year and for the 3 immediately preceding
26 calendar years. ~~If~~**EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5),**
27 **IF** the department of treasury determines that the property is not

1 the principal residence of the owner claiming the exemption, the
2 department shall send a notice of that determination to the local
3 tax collecting unit and to the owner of the property claiming the
4 exemption, indicating that the claim for exemption is denied,
5 stating the reason for the denial, and advising the owner claiming
6 the exemption of the right to appeal the determination to the
7 department of treasury and what those rights of appeal are. The
8 department of treasury may issue a notice denying a claim if an
9 owner fails to respond within 30 days of receipt of a request for
10 information from that department. An owner may appeal the denial of
11 a claim of exemption to the department of treasury within 35 days
12 of receipt of the notice of denial. An appeal to the department of
13 treasury shall be conducted according to the provisions for an
14 informal conference in section 21 of 1941 PA 122, MCL 205.21.
15 Within 10 days after acknowledging an appeal of a denial of a claim
16 of exemption, the department of treasury shall notify the assessor
17 and the treasurer for the county in which the property is located
18 that an appeal has been filed. Upon receipt of a notice that the
19 department of treasury has denied a claim for exemption, the
20 assessor shall remove the exemption of the property and, if the tax
21 roll is in the local tax collecting unit's possession, amend the
22 tax roll to reflect the denial and the local treasurer shall within
23 30 days of the date of the denial issue a corrected tax bill for
24 any additional taxes with interest at the rate of 1.25% per month
25 or fraction of a month and penalties computed from the date the
26 taxes were last payable without interest and penalty. If the tax
27 roll is in the county treasurer's possession, the tax roll shall be

1 amended to reflect the denial and the county treasurer shall within
2 30 days of the date of the denial prepare and submit a supplemental
3 tax bill for any additional taxes, together with interest at the
4 rate of 1.25% per month or fraction of a month and penalties
5 computed from the date the taxes were last payable without interest
6 or penalty. Interest on any tax set forth in a corrected or
7 supplemental tax bill shall again begin to accrue 60 days after the
8 date the corrected or supplemental tax bill is issued at the rate
9 of 1.25% per month or fraction of a month. Taxes levied in a
10 corrected or supplemental tax bill shall be returned as delinquent
11 on the March 1 in the year immediately succeeding the year in which
12 the corrected or supplemental tax bill is issued. If the department
13 of treasury denies an existing claim for exemption, the interest
14 due shall be distributed as provided in subsection (23). However,
15 if the property has been transferred to a bona fide purchaser
16 before additional taxes were billed to the seller as a result of
17 the denial of a claim for exemption, the taxes, interest, and
18 penalties shall not be a lien on the property and shall not be
19 billed to the bona fide purchaser, and the local tax collecting
20 unit if the local tax collecting unit has possession of the tax
21 roll or the county treasurer if the county has possession of the
22 tax roll shall notify the department of treasury of the amount of
23 tax due and interest through the date of that notification. The
24 department of treasury shall then assess the owner who claimed the
25 exemption under this section for the tax and interest plus penalty
26 accruing as a result of the denial of the claim for exemption, if
27 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to

1 205.31, and shall deposit any tax or penalty collected into the
2 state school aid fund and shall distribute any interest collected
3 as provided in subsection (23).

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

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

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

9 (11) If a county elects to audit the exemptions claimed under
10 this section as provided in subsection (10) and the county
11 treasurer or his or her designee or the county equalization
12 director or his or her designee believes that the property for
13 which an exemption is claimed is not the principal residence of the
14 owner claiming the exemption, the county treasurer or his or her
15 designee or the county equalization director or his or her designee
16 may, **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5)**, deny an
17 existing claim by notifying the owner, the assessor of the local
18 tax collecting unit, and the department of treasury in writing of
19 the reason for the denial and advising the owner that the denial
20 may be appealed to the residential and small claims division of the
21 Michigan tax tribunal within 35 days after the date of the notice.
22 The county treasurer or his or her designee or the county
23 equalization director or his or her designee may deny a claim for
24 exemption for the current year and for the 3 immediately preceding
25 calendar years. If the county treasurer or his or her designee or
26 the county equalization director or his or her designee denies an
27 existing claim for exemption, the county treasurer or his or her

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

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

26 (12) If a county elects to audit exemptions claimed under this
27 section as provided in subsection (10), the county treasurer or the

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

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

25 (14) For taxes levied after December 31, 2005, for each county
26 in which the county treasurer or the county equalization director
27 does not elect to audit the exemptions claimed under this section

1 as provided in subsection (10), the department of treasury shall
2 conduct an annual audit of exemptions claimed under this section
3 for the current calendar year.

4 (15) ~~An~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), AN**
5 affidavit filed by an owner for the exemption under this section
6 rescinds all previous exemptions filed by that owner for any other
7 property. The department of treasury shall notify the assessor of
8 the local tax collecting unit in which the property for which a
9 previous exemption was claimed is located ~~that~~ **IF** the previous
10 exemption is rescinded by the subsequent affidavit. When an
11 exemption is rescinded, the assessor of the local tax collecting
12 unit shall remove the exemption effective December 31 of the year
13 in which the affidavit was filed that rescinded the exemption. For
14 any year for which the rescinded exemption has not been removed
15 from the tax roll, the exemption shall be denied as provided in
16 this section. However, interest and penalty shall not be imposed
17 for a year for which a rescission form has been timely filed under
18 subsection (5).

19 (16) Except as otherwise provided in subsection (28), if the
20 principal residence is part of a unit in a multiple-unit dwelling
21 or a dwelling unit in a multiple-purpose structure, an owner shall
22 claim an exemption for only that portion of the total taxable value
23 of the property used as the principal residence of that owner in a
24 manner prescribed by the department of treasury. If a portion of a
25 parcel for which the owner claims an exemption is used for a
26 purpose other than as a principal residence, the owner shall claim
27 an exemption for only that portion of the taxable value of the

1 property used as the principal residence of that owner in a manner
2 prescribed by the department of treasury.

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

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

1 statement preparer who fails to provide 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 (19) An owner who owned and occupied a principal residence ~~on~~
6 ~~May 1~~ for which the exemption was not on the tax roll may file an
7 appeal with the July board of review or December board of review in
8 the year for which the exemption was claimed or the immediately
9 succeeding 3 years. If an appeal of a claim for exemption that was
10 not on the tax roll is received not later than 5 days prior to the
11 date of the December board of review, the local tax collecting unit
12 shall convene a December board of review and consider the appeal
13 pursuant to this section and section 53b.

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

24 (21) If granting the exemption under this section results in
25 an overpayment of the tax, a rebate, including any interest paid,
26 shall be made to the taxpayer by the local tax collecting unit if
27 the local tax collecting unit has possession of the tax roll or by

1 the county treasurer if the county has possession of the tax roll
2 within 30 days of the date the exemption is granted. The rebate
3 shall be without interest.

4 (22) If an exemption under this section is erroneously granted
5 for an affidavit filed before October 1, 2003, an owner may request
6 in writing that the department of treasury withdraw the exemption.
7 The request to withdraw the exemption shall be received not later
8 than November 1, 2003. If an owner requests that an exemption be
9 withdrawn, the department of treasury shall issue an order
10 notifying the local assessor that the exemption issued under this
11 section has been denied based on the owner's request. If an
12 exemption is withdrawn, the property that had been subject to that
13 exemption shall be immediately placed on the tax roll by the local
14 tax collecting unit if the local tax collecting unit has possession
15 of the tax roll or by the county treasurer if the county has
16 possession of the tax roll as though the exemption had not been
17 granted. A corrected tax bill shall be issued for the tax year
18 being adjusted by the local tax collecting unit if the local tax
19 collecting unit has possession of the tax roll or by the county
20 treasurer if the county has possession of the tax roll. Unless a
21 denial has been issued prior to July 1, 2003, if an owner requests
22 that an exemption under this section be withdrawn and that owner
23 pays the corrected tax bill issued under this subsection within 30
24 days after the corrected tax bill is issued, that owner is not
25 liable for any penalty or interest on the additional tax. An owner
26 who pays a corrected tax bill issued under this subsection more
27 than 30 days after the corrected tax bill is issued is liable for

1 the penalties and interest that would have accrued if the exemption
2 had not been granted from the date the taxes were originally
3 levied.

4 (23) Subject to subsection (24), interest at the rate of 1.25%
5 per month or fraction of a month collected under subsection (6),
6 (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

17 (c) If the county treasurer or his or her designee or the
18 county equalization director or his or her designee denies the
19 exemption under this section, as follows:

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

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

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

23 (24) Interest distributed under subsection (23) is subject to
24 the following conditions:

25 (a) Interest distributed to a county shall be deposited into a
26 restricted fund to be used solely for the administration of
27 exemptions under this section. Money in that restricted fund shall

1 lapse to the county general fund on the December 31 in the year 3
2 years after the first distribution of interest to the county under
3 subsection (23) and on each succeeding December 31 thereafter.

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

16 (25) Interest distributed under subsection (23) is in addition
17 to and shall not affect the levy or collection of the county
18 property tax administration fee established under this act.

19 (26) A cooperative housing corporation is entitled to a full
20 or partial exemption under this section for the tax year in which
21 the cooperative housing corporation files all of the following with
22 the local tax collecting unit in which the cooperative housing
23 corporation is located if filed on or before May 1 **FOR TAXES LEVIED**
24 **BEFORE JANUARY 1, 2008, OR, FOR TAXES LEVIED AFTER DECEMBER 31,**
25 **2007, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**
26 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**
27 **LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE**

1 NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL
2 DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE
3 NUMBER OF DAYS IN THAT TAX YEAR:

4 (a) An affidavit form.

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

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

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

19 (27) Before May 1, 2004 and before May 1, 2005, the treasurer
20 of each county shall forward to the department of education a
21 statement of the taxable value of each school district and fraction
22 of a school district within the county for the preceding 4 calendar
23 years. This requirement is in addition to the requirement set forth
24 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
25 388.1751.

26 (28) For a parcel of property open and available for use as a
27 bed and breakfast, the portion of the taxable value of the property

1 used as a principal residence under subsection (16) shall be
2 calculated in the following manner:

3 (a) Add all of the following:

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

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

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

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

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

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

21 (29) The owner claiming an exemption under this section for
22 property open and available as a bed and breakfast shall file an
23 affidavit claiming the exemption ~~on or before May 1~~ with the local
24 tax collecting unit in which the property is located. The affidavit
25 shall be in a form prescribed by the department of treasury.

26 (30) As used in this section:

27 (a) "Bed and breakfast" means property classified as

1 residential real property under section 34c that meets all of the
2 following criteria:

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

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

7 (iii) Has a smoke detector in proper working order in each
8 sleeping room and a fire extinguisher in proper working order on
9 each floor.

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

16 Sec. 24c. (1) The assessor shall give to each owner or person
17 or persons listed on the assessment roll of the property a notice
18 by first-class mail of an increase in the tentative state equalized
19 valuation or the tentative taxable value for the year. The notice
20 shall specify each parcel of property, the tentative taxable value
21 for the current year, and the taxable value for the immediately
22 preceding year. The notice shall also specify the time and place of
23 the meeting of the board of review. The notice shall also specify
24 the difference between the property's tentative taxable value in
25 the current year and the property's taxable value in the
26 immediately preceding year.

27 (2) The notice shall include, in addition to the information

1 required by subsection (1), all of the following:

2 (a) The state equalized valuation for the immediately
3 preceding year.

4 (b) The tentative state equalized valuation for the current
5 year.

6 (c) The net change between the tentative state equalized
7 valuation for the current year and the state equalized valuation
8 for the immediately preceding year.

9 (d) The classification of the property as defined by section
10 34c.

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

13 (f) A statement provided by the state tax commission
14 explaining the relationship between state equalized valuation and
15 taxable value. If the assessor believes that a transfer of
16 ownership has occurred in the immediately preceding year, the
17 statement shall state that the ownership was transferred and that
18 the taxable value of that property is the same as the state
19 equalized valuation of that property.

20 (3) When required by the income tax act of 1967, 1967 PA 281,
21 MCL 206.1 to 206.532, the assessment notice shall include or be
22 accompanied by information or forms prescribed by the income tax
23 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

24 (4) The assessment notice shall be addressed to the owner
25 according to the records of the assessor and mailed not less than
26 10 days before the meeting of the board of review. The failure to
27 send or receive an assessment notice does not invalidate an

1 assessment roll or an assessment on that property.

2 (5) The tentative state equalized valuation shall be
3 calculated by multiplying the assessment by the tentative equalized
4 valuation multiplier. If the assessor has made assessment
5 adjustments that would have changed the tentative multiplier, the
6 assessor may recalculate the multiplier for use in the notice.

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

10 (7) ~~The~~ **BEFORE JANUARY 1, 2008, THE** assessment notice under
11 subsection (1) shall include the following statement:

12 "If you purchased your principal residence after May 1 last
13 year, to claim the principal residence exemption, if you have not
14 already done so, you are required to file an affidavit before May
15 1."

16 (8) **AFTER DECEMBER 31, 2007, THE ASSESSMENT NOTICE UNDER**
17 **SUBSECTION (1) SHALL INCLUDE THE FOLLOWING STATEMENT:**

18 **"TO CLAIM THE PRINCIPAL RESIDENCE EXEMPTION, IF YOU HAVE NOT**
19 **ALREADY DONE SO, YOU ARE REQUIRED TO FILE AN AFFIDAVIT WITH THE**
20 **LOCAL TAX COLLECTING UNIT."**

21 (9) ~~(8)~~ For taxes levied after December 31, 2003, the
22 assessment notice under subsection (1) shall separately state the
23 state equalized valuation and taxable value for any leasehold
24 improvements.

25 Sec. 27. (1) As used in this act, "true cash value" means the
26 usual selling price at the place where the property to which the
27 term is applied is at the time of assessment, being the price that

1 could be obtained for the property at private sale, and not at
2 auction sale except as otherwise provided in this section, or at
3 forced sale. The usual selling price may include sales at public
4 auction held by a nongovernmental agency or person if those sales
5 have become a common method of acquisition in the jurisdiction for
6 the class of property being valued. The usual selling price does
7 not include sales at public auction if the sale is part of a
8 liquidation of the seller's assets in a bankruptcy proceeding or if
9 the seller is unable to use common marketing techniques to obtain
10 the usual selling price for the property. A sale or other
11 disposition by this state or an agency or political subdivision of
12 this state of land acquired for delinquent taxes or an appraisal
13 made in connection with the sale or other disposition or the value
14 attributed to the property of regulated public utilities by a
15 governmental regulatory agency for rate-making purposes is not
16 controlling evidence of true cash value for assessment purposes. In
17 determining the true cash value, the assessor shall also consider
18 the advantages and disadvantages of location; quality of soil;
19 zoning; existing use; present economic income of structures,
20 including farm structures; present economic income of land if the
21 land is being farmed or otherwise put to income producing use;
22 quantity and value of standing timber; water power and privileges;
23 and mines, minerals, quarries, or other valuable deposits known to
24 be available in the land and their value. In determining the true
25 cash value of personal property owned by an electric utility
26 cooperative, the assessor shall consider the number of kilowatt
27 hours of electricity sold per mile of distribution line compared to

1 the average number of kilowatt hours of electricity sold per mile
2 of distribution line for all electric utilities. **BEGINNING DECEMBER**
3 **31, 2007, THERE IS A REBUTTABLE PRESUMPTION THAT THE VALUE**
4 **DETERMINED FOR PROPERTY BY AN INDEPENDENT APPRAISAL IS THE TRUE**
5 **CASH VALUE OF THE PROPERTY APPRAISED.**

6 (2) The assessor shall not consider the increase in true cash
7 value that is a result of expenditures for normal repairs,
8 replacement, and maintenance in determining the true cash value of
9 property for assessment purposes until the property is sold. For
10 the purpose of implementing this subsection, the assessor shall not
11 increase the construction quality classification or reduce the
12 effective age for depreciation purposes, except if the appraisal of
13 the property was erroneous before nonconsideration of the normal
14 repair, replacement, or maintenance, and shall not assign an
15 economic condition factor to the property that differs from the
16 economic condition factor assigned to similar properties as defined
17 by appraisal procedures applied in the jurisdiction. The increase
18 in value attributable to the items included in subdivisions (a) to
19 (o) that is known to the assessor and excluded from true cash value
20 shall be indicated on the assessment roll. This subsection applies
21 only to residential property. The following repairs are considered
22 normal maintenance if they are not part of a structural addition or
23 completion:

24 (a) Outside painting.

25 (b) Repairing or replacing siding, roof, porches, steps,
26 sidewalks, or drives.

27 (c) Repainting, repairing, or replacing existing masonry.

1 (d) Replacing awnings.

2 (e) Adding or replacing gutters and downspouts.

3 (f) Replacing storm windows or doors.

4 (g) Insulating or weatherstripping.

5 (h) Complete rewiring.

6 (i) Replacing plumbing and light fixtures.

7 (j) Replacing a furnace with a new furnace of the same type or
8 replacing an oil or gas burner.

9 (k) Repairing plaster, inside painting, or other redecorating.

10 (l) New ceiling, wall, or floor surfacing.

11 (m) Removing partitions to enlarge rooms.

12 (n) Replacing an automatic hot water heater.

13 (o) Replacing dated interior woodwork.

14 (3) A city or township assessor, a county equalization
15 department, or the state tax commission before utilizing real
16 estate sales data on real property purchases, including purchases
17 by land contract, to determine assessments or in making sales ratio
18 studies to assess property or equalize assessments shall exclude
19 from the sales data the following amounts allowed by subdivisions
20 (a), (b), and (c) to the extent that the amounts are included in
21 the real property purchase price and are so identified in the real
22 estate sales data or certified to the assessor as provided in
23 subdivision (d):

24 (a) Amounts paid for obtaining financing of the purchase price
25 of the property or the last conveyance of the property.

26 (b) Amounts attributable to personal property that were
27 included in the purchase price of the property in the last

1 conveyance of the property.

2 (c) Amounts paid for surveying the property pursuant to the
3 last conveyance of the property. The legislature may require local
4 units of government, including school districts, to submit reports
5 of revenue lost under subdivisions (a) and (b) and this subdivision
6 so that the state may reimburse those units for that lost revenue.

7 (d) The purchaser of real property, including a purchaser by
8 land contract, may file with the assessor of the city or township
9 in which the property is located 2 copies of the purchase agreement
10 or of an affidavit that identifies the amount, if any, for each
11 item listed in subdivisions (a) to (c). One copy shall be forwarded
12 by the assessor to the county equalization department. The
13 affidavit shall be prescribed by the state tax commission.

14 (4) As used in subsection (1), "present economic income" means
15 for leased or rented property the ordinary, general, and usual
16 economic return realized from the lease or rental of property
17 negotiated under current, contemporary conditions between parties
18 equally knowledgeable and familiar with real estate values. The
19 actual income generated by the lease or rental of property is not
20 the controlling indicator of its true cash value in all cases. This
21 subsection does not apply to property subject to a lease entered
22 into before January 1, 1984 for which the terms of the lease
23 governing the rental rate or tax liability have not been
24 renegotiated after December 31, 1983. This subsection does not
25 apply to a nonprofit housing cooperative subject to regulatory
26 agreements between the state or federal government entered into
27 before January 1, 1984. As used in this subsection, "nonprofit

1 cooperative housing corporation" means a nonprofit cooperative
2 housing corporation that is engaged in providing housing services
3 to its stockholders and members and that does not pay dividends or
4 interest upon stock or membership investment but that does
5 distribute all earnings to its stockholders or members.

6 (5) Beginning December 31, 1994, the purchase price paid in a
7 transfer of property is not the presumptive true cash value of the
8 property transferred. In determining the true cash value of
9 transferred property, an assessing officer shall assess that
10 property using the same valuation method used to value all other
11 property of that same classification in the assessing jurisdiction.
12 As used in this subsection, "purchase price" means the total
13 consideration agreed to in an arms-length transaction and not at a
14 forced sale paid by the purchaser of the property, stated in
15 dollars, whether or not paid in dollars.

16 (6) For purposes of a statement submitted under section 19,
17 the true cash value of a standard tool is the net book value of
18 that standard tool as of December 31 in each tax year as determined
19 using generally accepted accounting principles in a manner
20 consistent with the established depreciation method used by the
21 person submitting that statement. The net book value of a standard
22 tool for federal income tax purposes is not the presumptive true
23 cash value of that standard tool. As used in this subsection,
24 "standard tool" means that term as defined in section 9b.

25 **(7) BEGINNING DECEMBER 31, 2007, THE DEPARTMENT OF TREASURY**
26 **SHALL REQUIRE ASSESSORS TO USE A SINGLE-YEAR SALES RATIO STUDY IN**
27 **DETERMINING ASSESSMENTS IF THE SINGLE-YEAR SALES RATIO STUDY WOULD**

1 RESULT IN AN ASSESSMENT INCREASE FOR REAL PROPERTY THAT IS LESS
2 THAN THE ASSESSMENT INCREASE THAT WOULD RESULT USING A MULTIYEAR
3 SALES RATIO STUDY. A SINGLE-YEAR SALES RATIO STUDY SHALL INCLUDE
4 BOTH SALES AND FORECLOSURES OCCURRING ON OCTOBER 1 THROUGH THE
5 IMMEDIATELY SUCCEEDING SEPTEMBER 30.

6 Sec. 27a. (1) Except as otherwise provided in this section,
7 property shall be assessed at 50% of its true cash value under
8 section 3 of article IX of the state constitution of 1963.

9 (2) Except as otherwise provided in subsection (3), for taxes
10 levied in 1995 and for each year after 1995, the taxable value of
11 each parcel of property is the lesser of the following:

12 (a) The property's taxable value in the immediately preceding
13 year minus any losses, multiplied by the lesser of 1.05 or the
14 inflation rate, plus all additions. **HOWEVER, IF A FRACTION THE**
15 **NUMERATOR OF WHICH IS THE STATE EQUALIZED VALUATION FOR THE CURRENT**
16 **YEAR MINUS ADDITIONS AND THE DENOMINATOR OF WHICH IS THE STATE**
17 **EQUALIZED VALUATION FOR THE IMMEDIATELY PRECEDING YEAR MINUS LOSSES**
18 **IS GREATER THAN ZERO BUT LESS THAN BOTH 1.05 OR THE INFLATION RATE,**
19 **FOR PURPOSES OF THIS SUBDIVISION THE TAXABLE VALUE IS THE**
20 **PROPERTY'S TAXABLE VALUE IN THE IMMEDIATELY PRECEDING YEAR**
21 **MULTIPLIED BY THAT FRACTION; AND IF THAT FRACTION IS LESS THAN OR**
22 **EQUAL TO ZERO, FOR PURPOSES OF THIS SUBDIVISION THE TAXABLE VALUE**
23 **IS THE PROPERTY'S TAXABLE VALUE IN THE IMMEDIATELY PRECEDING YEAR**
24 **MINUS LOSSES PLUS ADDITIONS.** For taxes levied in 1995, the
25 property's taxable value in the immediately preceding year is the
26 property's state equalized valuation in 1994.

27 (b) The property's current state equalized valuation.

1 (3) Upon a transfer of ownership of property after 1994
2 **THROUGH 2007**, the property's taxable value for the calendar year
3 following the year of the transfer is the property's state
4 equalized valuation for the calendar year following the transfer.
5 **UPON A TRANSFER OF OWNERSHIP OF PROPERTY AFTER 2007, THE PROPERTY'S**
6 **TAXABLE VALUE FOR THE CALENDAR YEAR FOLLOWING THE YEAR OF THE**
7 **TRANSFER IS THE PROPERTY'S STATE EQUALIZED VALUATION FOR THE**
8 **CALENDAR YEAR FOLLOWING THE TRANSFER MULTIPLIED BY A FRACTION THE**
9 **NUMERATOR OF WHICH IS THE TOTAL TAXABLE VALUE OF ALL REAL PROPERTY**
10 **SOLD IN THE LOCAL TAX COLLECTING UNIT FOR THE CALENDAR YEAR IN**
11 **WHICH THE TRANSFER OCCURRED AND THE DENOMINATOR OF WHICH IS THE**
12 **TOTAL STATE EQUALIZED VALUATION OF ALL REAL PROPERTY SOLD IN THE**
13 **LOCAL TAX COLLECTING UNIT FOR THE CALENDAR YEAR IN WHICH THE**
14 **TRANSFER OCCURRED.**

15 (4) If the taxable value of property is adjusted under
16 subsection (3), a subsequent increase in the property's taxable
17 value is subject to the limitation set forth in subsection (2)
18 until a subsequent transfer of ownership occurs. If the taxable
19 value of property is adjusted under subsection (3) and the assessor
20 determines that there had not been a transfer of ownership, the
21 taxable value of the property shall be adjusted at the July or
22 December board of review. Notwithstanding the limitation provided
23 in section 53b(1) on the number of years for which a correction may
24 be made, the July or December board of review may adjust the
25 taxable value of property under this subsection for the current
26 year and for the 3 immediately preceding calendar years. A
27 corrected tax bill shall be issued for each tax year for which the

1 taxable value is adjusted by the local tax collecting unit if the
2 local tax collecting unit has possession of the tax roll or by the
3 county treasurer if the county has possession of the tax roll. For
4 purposes of section 53b, an adjustment under this subsection shall
5 be considered the correction of a clerical error.

6 (5) Assessment of property, as required in this section and
7 section 27, is inapplicable to the assessment of property subject
8 to the levy of ad valorem taxes within voted tax limitation
9 increases to pay principal and interest on limited tax bonds issued
10 by any governmental unit, including a county, township, community
11 college district, or school district, before January 1, 1964, if
12 the assessment required to be made under this act would be less
13 than the assessment as state equalized prevailing on the property
14 at the time of the issuance of the bonds. This inapplicability
15 shall continue until levy of taxes to pay principal and interest on
16 the bonds is no longer required. The assessment of property
17 required by this act shall be applicable for all other purposes.

18 (6) As used in this act, "transfer of ownership" means the
19 conveyance of title to or a present interest in property, including
20 the beneficial use of the property, the value of which is
21 substantially equal to the value of the fee interest. Transfer of
22 ownership of property includes, but is not limited to, the
23 following:

24 (a) A conveyance by deed.

25 (b) A conveyance by land contract. The taxable value of
26 property conveyed by a land contract executed after December 31,
27 1994 shall be adjusted under subsection (3) for the calendar year

1 following the year in which the contract is entered into and shall
2 not be subsequently adjusted under subsection (3) when the deed
3 conveying title to the property is recorded in the office of the
4 register of deeds in the county in which the property is located.

5 (c) A conveyance to a trust after December 31, 1994, except if
6 the settlor or the settlor's spouse, or both, conveys the property
7 to the trust and the sole present beneficiary or beneficiaries are
8 the settlor or the settlor's spouse, or both.

9 (d) A conveyance by distribution from a trust, except if the
10 distributee is the sole present beneficiary or the spouse of the
11 sole present beneficiary, or both.

12 (e) A change in the sole present beneficiary or beneficiaries
13 of a trust, except a change that adds or substitutes the spouse of
14 the sole present beneficiary.

15 (f) A conveyance by distribution under a will or by intestate
16 succession, except if the distributee is the decedent's spouse.

17 (g) A conveyance by lease if the total duration of the lease,
18 including the initial term and all options for renewal, is more
19 than 35 years or the lease grants the lessee a bargain purchase
20 option. As used in this subdivision, "bargain purchase option"
21 means the right to purchase the property at the termination of the
22 lease for not more than 80% of the property's projected true cash
23 value at the termination of the lease. After December 31, 1994, the
24 taxable value of property conveyed by a lease with a total duration
25 of more than 35 years or with a bargain purchase option shall be
26 adjusted under subsection (3) for the calendar year following the
27 year in which the lease is entered into. This subdivision does not

1 apply to personal property except buildings described in section
2 14(6) and personal property described in section 8(h), (i), and
3 (j). This subdivision does not apply to that portion of the
4 property not subject to the leasehold interest conveyed.

5 (h) A conveyance of an ownership interest in a corporation,
6 partnership, sole proprietorship, limited liability company,
7 limited liability partnership, or other legal entity if the
8 ownership interest conveyed is more than 50% of the corporation,
9 partnership, sole proprietorship, limited liability company,
10 limited liability partnership, or other legal entity. Unless
11 notification is provided under subsection (10), the corporation,
12 partnership, sole proprietorship, limited liability company,
13 limited liability partnership, or other legal entity shall notify
14 the assessing officer on a form provided by the state tax
15 commission not more than 45 days after a conveyance of an ownership
16 interest that constitutes a transfer of ownership under this
17 subdivision.

18 (i) A transfer of property held as a tenancy in common, except
19 that portion of the property not subject to the ownership interest
20 conveyed.

21 (j) A conveyance of an ownership interest in a cooperative
22 housing corporation, except that portion of the property not
23 subject to the ownership interest conveyed.

24 (7) Transfer of ownership does not include the following:

25 (a) The transfer of property from 1 spouse to the other spouse
26 or from a decedent to a surviving spouse.

27 (b) A transfer from a husband, a wife, or a husband and wife

1 creating or disjoining a tenancy by the entireties in the grantors
2 or the grantor and his or her spouse.

3 (c) A transfer of that portion of property subject to a life
4 estate or life lease retained by the transferor, until expiration
5 or termination of the life estate or life lease. That portion of
6 property transferred that is not subject to a life lease shall be
7 adjusted under subsection (3).

8 (d) A transfer through foreclosure or forfeiture of a recorded
9 instrument under chapter 31, 32, or 57 of the revised judicature
10 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3280 and MCL 600.5701
11 to 600.5759, or through deed or conveyance in lieu of a foreclosure
12 or forfeiture, until the mortgagee or land contract vendor
13 subsequently transfers the property. If a mortgagee does not
14 transfer the property within 1 year of the expiration of any
15 applicable redemption period, the property shall be adjusted under
16 subsection (3).

17 (e) A transfer by redemption by the person to whom taxes are
18 assessed of property previously sold for delinquent taxes.

19 (f) A conveyance to a trust if the settlor or the settlor's
20 spouse, or both, conveys the property to the trust and the sole
21 present beneficiary of the trust is the settlor or the settlor's
22 spouse, or both.

23 (g) A transfer pursuant to a judgment or order of a court of
24 record making or ordering a transfer, unless a specific monetary
25 consideration is specified or ordered by the court for the
26 transfer.

27 (h) A transfer creating or terminating a joint tenancy between

1 2 or more persons if at least 1 of the persons was an original
2 owner of the property before the joint tenancy was initially
3 created and, if the property is held as a joint tenancy at the time
4 of conveyance, at least 1 of the persons was a joint tenant when
5 the joint tenancy was initially created and that person has
6 remained a joint tenant since the joint tenancy was initially
7 created. A joint owner at the time of the last transfer of
8 ownership of the property is an original owner of the property. For
9 purposes of this subdivision, a person is an original owner of
10 property owned by that person's spouse.

11 (i) A transfer for security or an assignment or discharge of a
12 security interest.

13 (j) A transfer of real property or other ownership interests
14 among members of an affiliated group. As used in this subsection,
15 "affiliated group" means 1 or more corporations connected by stock
16 ownership to a common parent corporation. Upon request by the state
17 tax commission, a corporation shall furnish proof within 45 days
18 that a transfer meets the requirements of this subdivision. A
19 corporation that fails to comply with a request by the state tax
20 commission under this subdivision is subject to a fine of \$200.00.

21 (k) Normal public trading of shares of stock or other
22 ownership interests that, over any period of time, cumulatively
23 represent more than 50% of the total ownership interest in a
24 corporation or other legal entity and are traded in multiple
25 transactions involving unrelated individuals, institutions, or
26 other legal entities.

27 (l) A transfer of real property or other ownership interests

1 among corporations, partnerships, limited liability companies,
2 limited liability partnerships, or other legal entities if the
3 entities involved are commonly controlled. Upon request by the
4 state tax commission, a corporation, partnership, limited liability
5 company, limited liability partnership, or other legal entity shall
6 furnish proof within 45 days that a transfer meets the requirements
7 of this subdivision. A corporation, partnership, limited liability
8 company, limited liability partnership, or other legal entity that
9 fails to comply with a request by the state tax commission under
10 this subdivision is subject to a fine of \$200.00.

11 (m) A direct or indirect transfer of real property or other
12 ownership interests resulting from a transaction that qualifies as
13 a tax-free reorganization under section 368 of the internal revenue
14 code, 26 USC 368. Upon request by the state tax commission, a
15 property owner shall furnish proof within 45 days that a transfer
16 meets the requirements of this subdivision. A property owner who
17 fails to comply with a request by the state tax commission under
18 this subdivision is subject to a fine of \$200.00.

19 (n) A transfer of qualified agricultural property, if the
20 person to whom the qualified agricultural property is transferred
21 files an affidavit with the assessor of the local tax collecting
22 unit in which the qualified agricultural property is located and
23 with the register of deeds for the county in which the qualified
24 agricultural property is located attesting that the qualified
25 agricultural property shall remain qualified agricultural property.
26 The affidavit under this subdivision shall be in a form prescribed
27 by the department of treasury. An owner of qualified agricultural

1 property shall inform a prospective buyer of that qualified
2 agricultural property that the qualified agricultural property is
3 subject to the recapture tax provided in the agricultural property
4 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the
5 qualified agricultural property is converted by a change in use. If
6 property ceases to be qualified agricultural property at any time
7 after being transferred, all of the following shall occur:

8 (i) The taxable value of that property shall be adjusted under
9 subsection (3) as of the December 31 in the year that the property
10 ceases to be qualified agricultural property.

11 (ii) The property is subject to the recapture tax provided for
12 under the agricultural property recapture act, 2000 PA 261, MCL
13 211.1001 to 211.1007.

14 (o) A transfer of qualified forest property, if the person to
15 whom the qualified forest property is transferred files an
16 affidavit with the assessor of the local tax collecting unit in
17 which the qualified forest property is located and with the
18 register of deeds for the county in which the qualified forest
19 property is located attesting that the qualified forest property
20 shall remain qualified forest property. The affidavit under this
21 subdivision shall be in a form prescribed by the department of
22 treasury. An owner of qualified forest property shall inform a
23 prospective buyer of that qualified forest property that the
24 qualified forest property is subject to the recapture tax provided
25 in the qualified forest property recapture tax act, 2006 PA 379,
26 MCL 211.1031 to 211.1036, if the qualified forest property is
27 converted by a change in use. If property ceases to be qualified

1 forest property at any time after being transferred, all of the
2 following shall occur:

3 (i) The taxable value of that property shall be adjusted under
4 subsection (3) as of the December 31 in the year that the property
5 ceases to be qualified forest property.

6 (ii) The property is subject to the recapture tax provided for
7 under the qualified forest property recapture tax act, 2006 PA 379,
8 MCL 211.1031 to 211.1036.

9 (p) Beginning on the effective date of the amendatory act that
10 added this subdivision, a transfer of land, but not buildings or
11 structures located on the land, which meets 1 or more of the
12 following requirements:

13 (i) The land is subject to a conservation easement under
14 subpart 11 of part 21 of the natural resources and environmental
15 protection act, 1994 PA 451, MCL 324.2140 to 324.2144. As used in
16 this subparagraph, "conservation easement" means that term as
17 defined in section 2140 of the natural resources and environmental
18 protection act, 1994 PA 451, MCL 324.2140.

19 (ii) A transfer of ownership of the land or a transfer of an
20 interest in the land is eligible for a deduction as a qualified
21 conservation contribution under section 170(h) of the internal
22 revenue code, 26 USC 170.

23 (8) If all of the following conditions are satisfied, the
24 local tax collecting unit shall revise the taxable value of
25 qualified agricultural property taxable on the tax roll in the
26 possession of that local tax collecting unit to the taxable value
27 that qualified agricultural property would have had if there had

1 been no transfer of ownership of that qualified agricultural
2 property since December 31, 1999 and there had been no adjustment
3 of that qualified agricultural property's taxable value under
4 subsection (3) since December 31, 1999:

5 (a) The qualified agricultural property was qualified
6 agricultural property for taxes levied in 1999 and each year after
7 1999.

8 (b) The owner of the qualified agricultural property files an
9 affidavit with the assessor of the local tax collecting unit under
10 subsection (7)(n).

11 (9) If the taxable value of qualified agricultural property is
12 adjusted under subsection (8), the owner of that qualified
13 agricultural property shall not be entitled to a refund for any
14 property taxes collected under this act on that qualified
15 agricultural property before the adjustment under subsection (8).

16 (10) The register of deeds of the county where deeds or other
17 title documents are recorded shall notify the assessing officer of
18 the appropriate local taxing unit not less than once each month of
19 any recorded transaction involving the ownership of property and
20 shall make any recorded deeds or other title documents available to
21 that county's tax or equalization department. Unless notification
22 is provided under subsection (6), the buyer, grantee, or other
23 transferee of the property shall notify the appropriate assessing
24 office in the local unit of government in which the property is
25 located of the transfer of ownership of the property within 45 days
26 of the transfer of ownership, on a form prescribed by the state tax
27 commission that states the parties to the transfer, the date of the

1 transfer, the actual consideration for the transfer, and the
2 property's parcel identification number or legal description. Forms
3 filed in the assessing office of a local unit of government under
4 this subsection shall be made available to the county tax or
5 equalization department for the county in which that local unit of
6 government is located. This subsection does not apply to personal
7 property except buildings described in section 14(6) and personal
8 property described in section 8(h), (i), and (j).

9 (11) As used in this section:

10 (a) "Additions" means that term as defined in section 34d.

11 (b) "Beneficial use" means the right to possession, use, and
12 enjoyment of property, limited only by encumbrances, easements, and
13 restrictions of record.

14 (c) "Converted by a change in use" means that term as defined
15 in the agricultural property recapture act, 2000 PA 261, MCL
16 211.1001 to 211.1007.

17 (d) "Inflation rate" means that term as defined in section
18 34d.

19 (e) "Losses" means that term as defined in section 34d.

20 (f) "Qualified agricultural property" means that term as
21 defined in section 7dd.

22 (g) "Qualified forest property" means that term as defined in
23 section 7jj[1].

24 Sec. 30. (1) Except as otherwise provided in subsection (2),
25 the board of review shall meet on the second Monday in March.

26 (2) The governing body of the city or township may authorize,
27 by adoption of an ordinance or resolution, alternative starting

1 dates in March when the board of review shall initially meet, which
2 alternative starting dates shall be the Tuesday or Wednesday
3 following the second Monday of March.

4 (3) The first meeting of the board of review shall start not
5 earlier than 9 a.m. and not later than 3 p.m. and last for not less
6 than 6 hours. The board of review shall also meet for not less than
7 ~~6-12~~ hours during the remainder of that week. Persons or their
8 agents who have appeared to file a protest before the board of
9 review at a scheduled meeting or at a scheduled appointment shall
10 be afforded an opportunity to be heard by the board of review. The
11 board of review shall schedule a final meeting after the board of
12 review makes a change in the assessed value or tentative taxable
13 value of property or adds property to the assessment roll. The
14 board of review shall hold at least ~~3-9~~ hours of its required
15 sessions for review of assessment rolls during the week of the
16 second Monday in March after 6 p.m.

17 (4) A board of review shall meet a total of at least ~~12-18~~
18 hours during the week beginning the second Monday in March to hear
19 protests. At the request of a person whose property is assessed on
20 the assessment roll or of his or her agent, and if sufficient cause
21 is shown, the board of review shall correct the assessed value or
22 tentative taxable value of the property in a manner that will make
23 the valuation of the property relatively just and proper under this
24 act. The board of review may examine under oath the person making
25 the application, or any other person concerning the matter. A
26 member of the board of review may administer the oath. A
27 nonresident taxpayer may file his or her appearance, protest, and

1 papers in support of the protest by letter, and his or her personal
2 appearance is not required. The board of review, on its own motion,
3 may change assessed values or tentative taxable values or add to
4 the roll property omitted from the roll that is liable to
5 assessment if the person who is assessed for the altered valuation
6 or for the omitted property is promptly notified and granted an
7 opportunity to file objections to the change at the meeting or at a
8 subsequent meeting. An objection to a change in assessed value or
9 tentative taxable value or to the addition of property to the tax
10 roll shall be promptly heard and determined. Each person who makes
11 a request, protest, or application to the board of review for the
12 correction of the assessed value or tentative taxable value of the
13 person's property shall be notified in writing, not later than the
14 first Monday in June, of the board of review's action on the
15 request, protest, or application, of the state equalized valuation
16 or tentative taxable value of the property, and of information
17 regarding the right of further appeal to the tax tribunal.
18 Information regarding the right of further appeal to the tax
19 tribunal shall include, but is not limited to, a statement of the
20 right to appeal to the tax tribunal, the address of the tax
21 tribunal, and the final date for filing an appeal with the tax
22 tribunal.

23 (5) After the board of review completes the review of the
24 assessment roll, a majority of the board of review shall indorse
25 the roll and sign a statement to the effect that the roll is the
26 assessment roll for the year in which it has been prepared and
27 approved by the board of review.

1 (6) The completed assessment roll shall be delivered by the
2 appropriate assessing officer to the county equalization director
3 not later than the tenth day after the adjournment of the board of
4 review, or the Wednesday following the first Monday in April,
5 whichever date occurs first.

6 (7) The governing body of the township or city may authorize,
7 by adoption of an ordinance or resolution, a resident taxpayer to
8 file his or her protest before the board of review by letter
9 without a personal appearance by the taxpayer or his or her agent.
10 If that ordinance or resolution is adopted, the township or city
11 shall include a statement notifying taxpayers of this option in
12 each assessment notice under section 24c and on each notice or
13 publication of the meeting of the board of review.