

# HOUSE BILL No. 4233

February 10, 2009, Introduced by Reps. Horn, Lund, McMillin, Walsh, Knollenberg, Caul, Crawford, Rogers, Meekhof, Hildenbrand, Rick Jones, Marleau, Kowall, Moss, Calley and Stamas 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 2008 PA 198, 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

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

3 (2) Except as otherwise provided in subsection (5), an owner  
4 of property may claim 1 exemption under this section by filing an  
5 affidavit ~~on or before May 1~~ with the local tax collecting unit in  
6 which the property is located **ON OR BEFORE MAY 1 FOR TAXES LEVIED**  
7 **BEFORE JANUARY 1, 2009 OR, FOR TAXES LEVIED AFTER DECEMBER 31,**  
8 **2008, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**  
9 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**  
10 **LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE**  
11 **NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL**  
12 **DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE**  
13 **NUMBER OF DAYS IN THAT TAX YEAR.** The affidavit shall state that the  
14 property is owned and occupied as a principal residence by that  
15 owner of the property on the date that the affidavit is signed. The  
16 affidavit shall be on a form prescribed by the department of  
17 treasury. One copy of the affidavit shall be retained by the owner,  
18 1 copy shall be retained by the local tax collecting unit until any  
19 appeal or audit period under this act has expired, and 1 copy shall  
20 be forwarded to the department of treasury pursuant to subsection  
21 (4), together with all information submitted under subsection (26)  
22 for a cooperative housing corporation. The affidavit shall require  
23 the owner claiming the exemption to indicate if that owner or that  
24 owner's spouse has claimed another exemption on property in this  
25 state that is not rescinded or a substantially similar exemption,  
26 deduction, or credit on property in another state that is not  
27 rescinded. If the affidavit requires an owner to include a social

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

8 (3) Except as otherwise provided in subsection (5), a husband  
9 and wife who are required to file or who do file a joint Michigan  
10 income tax return are entitled to not more than 1 exemption under  
11 this section. For taxes levied after December 31, 2002, a person is  
12 not entitled to an exemption under this section if any of the  
13 following conditions occur:

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

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

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

26 (d) That person has filed an income tax return in a state  
27 other than this state as a resident, except active duty military

1 personnel stationed in this state with his or her principal  
2 residence in this state.

3 (e) That person has previously rescinded an exemption under  
4 this section for the same property for which an exemption is now  
5 claimed and there has not been a transfer of ownership of that  
6 property after the previous exemption was rescinded, if either of  
7 the following conditions is satisfied:

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

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

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

25 (5) Not more than 90 days after exempted property is no longer  
26 used as a principal residence by the owner claiming an exemption,  
27 that owner shall rescind the claim of exemption by filing with the

1 local tax collecting unit a rescission form prescribed by the  
2 department of treasury. However, if an owner is eligible for and  
3 claims an exemption for that owner's current principal residence,  
4 that owner may retain an exemption for not more than 3 tax years on  
5 property previously exempt as his or her principal residence if  
6 that property is not occupied, is for sale, is not leased, and is  
7 not used for any business or commercial purpose by filing a  
8 conditional rescission form prescribed by the department of  
9 treasury on or before May 1 with the local tax collecting unit.  
10 Property is eligible for a conditional rescission if that property  
11 is available for lease and all other conditions under this  
12 subsection are met. A copy of the conditional rescission form shall  
13 be forwarded to the department of treasury according to a schedule  
14 prescribed by the department of treasury. An owner who files a  
15 conditional rescission form shall annually verify to the assessor  
16 of the local tax collecting unit on or before December 31 that the  
17 property for which the principal residence exemption is retained is  
18 not occupied, is for sale, is not leased, and is not used for any  
19 business or commercial purpose. If an owner does not annually  
20 verify by December 31 that the property for which the principal  
21 residence exemption is retained is not occupied, is for sale, is  
22 not leased, and is not used for any business or commercial purpose,  
23 the assessor of the local tax collecting unit shall deny the  
24 principal residence exemption on that property. If property subject  
25 to a conditional rescission is leased, the local tax collecting  
26 unit shall deny that conditional rescission and that denial is  
27 retroactive and is effective on December 31 of the year immediately

1 preceding the year in which the property subject to the conditional  
2 rescission is leased. An owner who fails to file a rescission as  
3 required by this subsection is subject to a penalty of \$5.00 per  
4 day for each separate failure beginning after the 90 days have  
5 elapsed, up to a maximum of \$200.00. This penalty shall be  
6 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be  
7 deposited in the state school aid fund established in section 11 of  
8 article IX of the state constitution of 1963. This penalty may be  
9 waived by the department of treasury.

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

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

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

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

21 (8) The department of treasury shall determine if the property  
22 is the principal residence of the owner claiming the exemption. The  
23 department of treasury may review the validity of exemptions for  
24 the current calendar year and for the 3 immediately preceding  
25 calendar years. Except as otherwise provided in subsection (5), if  
26 the department of treasury determines that the property is not the  
27 principal residence of the owner claiming the exemption, the



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

1 30 days of the date of the denial prepare and submit a supplemental  
2 tax bill for any additional taxes, together with interest at the  
3 rate of 1.25% per month or fraction of a month and penalties  
4 computed from the date the taxes were last payable without interest  
5 or penalty. Interest on any tax set forth in a corrected or  
6 supplemental tax bill shall again begin to accrue 60 days after the  
7 date the corrected or supplemental tax bill is issued at the rate  
8 of 1.25% per month or fraction of a month. Taxes levied in a  
9 corrected or supplemental tax bill shall be returned as delinquent  
10 on the March 1 in the year immediately succeeding the year in which  
11 the corrected or supplemental tax bill is issued. If the department  
12 of treasury denies an existing claim for exemption, the interest  
13 due shall be distributed as provided in subsection (23). However,  
14 if the property has been transferred to a bona fide purchaser  
15 before additional taxes were billed to the seller as a result of  
16 the denial of a claim for exemption, the taxes, interest, and  
17 penalties shall not be a lien on the property and shall not be  
18 billed to the bona fide purchaser, and the local tax collecting  
19 unit if the local tax collecting unit has possession of the tax  
20 roll or the county treasurer if the county has possession of the  
21 tax roll shall notify the department of treasury of the amount of  
22 tax due and interest through the date of that notification. The  
23 department of treasury shall then assess the owner who claimed the  
24 exemption under this section for the tax and interest plus penalty  
25 accruing as a result of the denial of the claim for exemption, if  
26 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
27 205.31, and shall deposit any tax or penalty collected into the

1 state school aid fund and shall distribute any interest collected  
2 as provided in subsection (23).

3 (9) The department of treasury may enter into an agreement  
4 regarding the implementation or administration of subsection (8)  
5 with the assessor of any local tax collecting unit in a county that  
6 has not elected to audit exemptions claimed under this section as  
7 provided in subsection (10). The agreement may specify that for a  
8 period of time, not to exceed 120 days, the department of treasury  
9 will not deny an exemption identified by the department of treasury  
10 in the list provided under subsection (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 county  
15 equalization director with the concurrence by resolution of the  
16 county board of commissioners. The initial election to audit  
17 exemptions shall require an audit period of 2 years. Before 2009,  
18 subsequent elections to audit exemptions shall be made every 2  
19 years and shall require 2 annual audit periods. Beginning in 2009,  
20 an election to audit exemptions shall be made every 5 years and  
21 shall require 5 annual audit periods. An election to audit  
22 exemptions shall be made by submitting an election to audit form to  
23 the assessor of each local tax collecting unit in that county and  
24 to the department of treasury not later than April 1 preceding the  
25 October 1 in the year in which an election to audit is made. The  
26 election to audit form required under this subsection shall be in a  
27 form prescribed by the department of treasury. If a county elects

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

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

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

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

27 (12) If a county elects to audit exemptions claimed under this

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

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

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

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

5 (15) Except as otherwise provided in subsection (5), an  
6 affidavit filed by an owner for the exemption under this section  
7 rescinds all previous exemptions filed by that owner for any other  
8 property. The department of treasury shall notify the assessor of  
9 the local tax collecting unit in which the property for which a  
10 previous exemption was claimed is located if the previous exemption  
11 is rescinded by the subsequent affidavit. When an exemption is  
12 rescinded, the assessor of the local tax collecting unit shall  
13 remove the exemption effective December 31 of the year in which the  
14 affidavit was filed that rescinded the exemption. For any year for  
15 which the rescinded exemption has not been removed from the tax  
16 roll, the exemption shall be denied as provided in this section.  
17 However, interest and penalty shall not be imposed for a year for  
18 which a rescission form has been timely filed under 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. For the 2008 tax year  
14 only, an owner of property eligible for a conditional rescission  
15 under subsection (5) who did not file a conditional rescission form  
16 prescribed by the department of treasury with the local tax  
17 collecting unit on or before May 1, 2008 may file an appeal with  
18 the 2008 July board of review or 2008 December board of review to  
19 claim a conditional rescission for the 2008 tax year.

20 (20) If the assessor or treasurer of the local tax collecting  
21 unit believes that the department of treasury erroneously denied a  
22 claim for exemption, the assessor or treasurer may submit written  
23 information supporting the owner's claim for exemption to the  
24 department of treasury within 35 days of the owner's receipt of the  
25 notice denying the claim for exemption. If, after reviewing the  
26 information provided, the department of treasury determines that  
27 the claim for exemption was erroneously denied, the department of

1 treasury shall grant the exemption and the tax roll shall be  
2 amended to reflect the exemption.

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

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

1 that an exemption under this section be withdrawn and that owner  
2 pays the corrected tax bill issued under this subsection within 30  
3 days after the corrected tax bill is issued, that owner is not  
4 liable for any penalty or interest on the additional tax. An owner  
5 who pays a corrected tax bill issued under this subsection more  
6 than 30 days after the corrected tax bill is issued is liable for  
7 the penalties and interest that would have accrued if the exemption  
8 had not been granted from the date the taxes were originally  
9 levied.

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

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

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

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

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

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

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

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

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

23 (c) If the county treasurer or his or her designee or the  
24 county equalization director or his or her designee denies the  
25 exemption under this section, as follows:

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

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

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

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

4           (a) Interest distributed to a county shall be deposited into a  
5 restricted fund to be used solely for the administration of  
6 exemptions under this section. Money in that restricted fund shall  
7 lapse to the county general fund on the December 31 in the year 3  
8 years after the first distribution of interest to the county under  
9 subsection (23) and on each succeeding December 31 thereafter.

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

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

25          (26) A cooperative housing corporation is entitled to a full  
26 or partial exemption under this section for the tax year in which  
27 the cooperative housing corporation files all of the following with

1 the local tax collecting unit in which the cooperative housing  
2 corporation is located if filed on or before May 1 **FOR TAXES LEVIED**  
3 **BEFORE JANUARY 1, 2009, OR, FOR TAXES LEVIED AFTER DECEMBER 31,**  
4 **2008, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**  
5 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**  
6 **LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE**  
7 **NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL**  
8 **DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE**  
9 **NUMBER OF DAYS IN THAT TAX YEAR:**

10 (a) An affidavit form.

11 (b) A statement of the total number of units owned by the  
12 cooperative housing corporation and occupied as the principal  
13 residence of a tenant stockholder as of the date of the filing  
14 under this subsection.

15 (c) A list that includes the name, address, and social  
16 security number of each tenant stockholder of the cooperative  
17 housing corporation occupying a unit in the cooperative housing  
18 corporation as his or her principal residence as of the date of the  
19 filing under this subsection.

20 (d) A statement of the total number of units of the  
21 cooperative housing corporation on which an exemption under this  
22 section was claimed and that were transferred in the tax year  
23 immediately preceding the tax year in which the filing under this  
24 section was made.

25 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
26 of each county shall forward to the department of education a  
27 statement of the taxable value of each school district and fraction

1 of a school district within the county for the preceding 4 calendar  
2 years. This requirement is in addition to the requirement set forth  
3 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
4 388.1751.

5 (28) For a parcel of property open and available for use as a  
6 bed and breakfast, the portion of the taxable value of the property  
7 used as a principal residence under subsection (16) shall be  
8 calculated in the following manner:

9 (a) Add all of the following:

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

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

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

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

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

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

27 (29) The owner claiming an exemption under this section for

1 property open and available as a bed and breakfast shall file an  
2 affidavit claiming the exemption on or before May 1 with the local  
3 tax collecting unit in which the property is located. The affidavit  
4 shall be in a form prescribed by the department of treasury.

5 (30) As used in this section:

6 (a) "Bed and breakfast" means property classified as  
7 residential real property under section 34c that meets all of the  
8 following criteria:

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

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

13 (iii) Has a smoke detector in proper working order in each  
14 sleeping room and a fire extinguisher in proper working order on  
15 each floor.

16 (b) "Common area" includes, but is not limited to, a kitchen,  
17 dining room, living room, fitness room, porch, hallway, laundry  
18 room, or bathroom that is available for use by guests of a bed and  
19 breakfast or, unless guests are specifically prohibited from access  
20 to the area, an area that is used to provide a service to guests of  
21 a bed and breakfast.

22 Sec. 24c. (1) The assessor shall give to each owner or person  
23 or persons listed on the assessment roll of the property a notice  
24 by first-class mail of an increase in the tentative state equalized  
25 valuation or the tentative taxable value for the year. The notice  
26 shall specify each parcel of property, the tentative taxable value  
27 for the current year, and the taxable value for the immediately



1 preceding year. The notice shall also specify the time and place of  
2 the meeting of the board of review. The notice shall also specify  
3 the difference between the property's tentative taxable value in  
4 the current year and the property's taxable value in the  
5 immediately preceding year.

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

8 (a) The state equalized valuation for the immediately  
9 preceding year.

10 (b) The tentative state equalized valuation for the current  
11 year.

12 (c) The net change between the tentative state equalized  
13 valuation for the current year and the state equalized valuation  
14 for the immediately preceding year.

15 (d) The classification of the property as defined by section  
16 34c.

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

19 (f) A statement provided by the state tax commission  
20 explaining the relationship between state equalized valuation and  
21 taxable value. If the assessor believes that a transfer of  
22 ownership has occurred in the immediately preceding year, the  
23 statement shall state that the ownership was transferred and that  
24 the taxable value of that property is the same as the state  
25 equalized valuation of that property.

26 (3) When required by the income tax act of 1967, 1967 PA 281,  
27 MCL 206.1 to 206.532, the assessment notice shall include or be

1 accompanied by information or forms prescribed by the income tax  
2 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

3 (4) The assessment notice shall be addressed to the owner  
4 according to the records of the assessor and mailed not less than  
5 10 days before the meeting of the board of review. The failure to  
6 send or receive an assessment notice does not invalidate an  
7 assessment roll or an assessment on that property.

8 (5) The tentative state equalized valuation shall be  
9 calculated by multiplying the assessment by the tentative equalized  
10 valuation multiplier. If the assessor has made assessment  
11 adjustments that would have changed the tentative multiplier, the  
12 assessor may recalculate the multiplier for use in the notice.

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

16 (7) ~~The~~ **BEFORE JANUARY 1, 2009, THE** assessment notice under  
17 subsection (1) shall include the following statement:

18 "If you purchased your principal residence after May 1 last  
19 year, to claim the principal residence exemption, if you have not  
20 already done so, you are required to file an affidavit before May  
21 1."

22 (8) **AFTER DECEMBER 31, 2008, THE ASSESSMENT NOTICE UNDER**  
23 **SUBSECTION (1) SHALL INCLUDE THE FOLLOWING STATEMENT:**

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

27 (9) ~~(8)~~ For taxes levied after December 31, 2003, the

1 assessment notice under subsection (1) shall separately state the  
2 state equalized valuation and taxable value for any leasehold  
3 improvements.

4       Sec. 27. (1) As used in this act, "true cash value" means the  
5 usual selling price at the place where the property to which the  
6 term is applied is at the time of assessment, being the price that  
7 could be obtained for the property at private sale, and not at  
8 auction sale except as otherwise provided in this section, or at  
9 forced sale. The usual selling price may include sales at public  
10 auction held by a nongovernmental agency or person if those sales  
11 have become a common method of acquisition in the jurisdiction for  
12 the class of property being valued. The usual selling price does  
13 not include sales at public auction if the sale is part of a  
14 liquidation of the seller's assets in a bankruptcy proceeding or if  
15 the seller is unable to use common marketing techniques to obtain  
16 the usual selling price for the property. A sale or other  
17 disposition by this state or an agency or political subdivision of  
18 this state of land acquired for delinquent taxes or an appraisal  
19 made in connection with the sale or other disposition or the value  
20 attributed to the property of regulated public utilities by a  
21 governmental regulatory agency for rate-making purposes is not  
22 controlling evidence of true cash value for assessment purposes. In  
23 determining the true cash value, the assessor shall also consider  
24 the advantages and disadvantages of location; quality of soil;  
25 zoning; existing use; present economic income of structures,  
26 including farm structures; present economic income of land if the  
27 land is being farmed or otherwise put to income producing use;

1 quantity and value of standing timber; water power and privileges;  
2 and mines, minerals, quarries, or other valuable deposits known to  
3 be available in the land and their value. In determining the true  
4 cash value of personal property owned by an electric utility  
5 cooperative, the assessor shall consider the number of kilowatt  
6 hours of electricity sold per mile of distribution line compared to  
7 the average number of kilowatt hours of electricity sold per mile  
8 of distribution line for all electric utilities. **BEGINNING DECEMBER**  
9 **31, 2008, THERE IS A REBUTTABLE PRESUMPTION THAT THE VALUE**  
10 **DETERMINED FOR PROPERTY BY AN INDEPENDENT APPRAISAL IS THE TRUE**  
11 **CASH VALUE OF THE PROPERTY APPRAISED.**

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

1 normal maintenance if they are not part of a structural addition or  
2 completion:

3 (a) Outside painting.

4 (b) Repairing or replacing siding, roof, porches, steps,  
5 sidewalks, or drives.

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

7 (d) Replacing awnings.

8 (e) Adding or replacing gutters and downspouts.

9 (f) Replacing storm windows or doors.

10 (g) Insulating or weatherstripping.

11 (h) Complete rewiring.

12 (i) Replacing plumbing and light fixtures.

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

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

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

17 (m) Removing partitions to enlarge rooms.

18 (n) Replacing an automatic hot water heater.

19 (o) Replacing dated interior woodwork.

20 (3) A city or township assessor, a county equalization  
21 department, or the state tax commission before utilizing real  
22 estate sales data on real property purchases, including purchases  
23 by land contract, to determine assessments or in making sales ratio  
24 studies to assess property or equalize assessments shall exclude  
25 from the sales data the following amounts allowed by subdivisions  
26 (a), (b), and (c) to the extent that the amounts are included in  
27 the real property purchase price and are so identified in the real

1 estate sales data or certified to the assessor as provided in  
2 subdivision (d):

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

5 (b) Amounts attributable to personal property that were  
6 included in the purchase price of the property in the last  
7 conveyance of the property.

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

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

20 (4) As used in subsection (1), "present economic income" means  
21 for leased or rented property the ordinary, general, and usual  
22 economic return realized from the lease or rental of property  
23 negotiated under current, contemporary conditions between parties  
24 equally knowledgeable and familiar with real estate values. The  
25 actual income generated by the lease or rental of property is not  
26 the controlling indicator of its true cash value in all cases. This  
27 subsection does not apply to property subject to a lease entered

1 into before January 1, 1984 for which the terms of the lease  
2 governing the rental rate or tax liability have not been  
3 renegotiated after December 31, 1983. This subsection does not  
4 apply to a nonprofit housing cooperative subject to regulatory  
5 agreements between the state or federal government entered into  
6 before January 1, 1984. As used in this subsection, "nonprofit  
7 cooperative housing corporation" means a nonprofit cooperative  
8 housing corporation that is engaged in providing housing services  
9 to its stockholders and members and that does not pay dividends or  
10 interest upon stock or membership investment but that does  
11 distribute all earnings to its stockholders or members.

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

22 (6) For purposes of a statement submitted under section 19,  
23 the true cash value of a standard tool is the net book value of  
24 that standard tool as of December 31 in each tax year as determined  
25 using generally accepted accounting principles in a manner  
26 consistent with the established depreciation method used by the  
27 person submitting that statement. The net book value of a standard

1 tool for federal income tax purposes is not the presumptive true  
2 cash value of that standard tool. As used in this subsection,  
3 "standard tool" means that term as defined in section 9b.

4 (7) BEGINNING DECEMBER 31, 2008, THE DEPARTMENT OF TREASURY  
5 SHALL REQUIRE ASSESSORS TO USE A SINGLE-YEAR SALES RATIO STUDY IN  
6 DETERMINING ASSESSMENTS IF THE SINGLE-YEAR SALES RATIO STUDY WOULD  
7 RESULT IN AN ASSESSMENT INCREASE FOR REAL PROPERTY THAT IS LESS  
8 THAN THE ASSESSMENT INCREASE THAT WOULD RESULT USING A MULTIYEAR  
9 SALES RATIO STUDY. A SINGLE-YEAR SALES RATIO STUDY SHALL INCLUDE  
10 BOTH SALES AND FORECLOSURES OCCURRING ON OCTOBER 1 THROUGH THE  
11 IMMEDIATELY SUCCEEDING SEPTEMBER 30.

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

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

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



1 EQUAL TO ZERO, FOR PURPOSES OF THIS SUBDIVISION THE TAXABLE VALUE  
2 IS THE PROPERTY'S TAXABLE VALUE IN THE IMMEDIATELY PRECEDING YEAR  
3 MINUS LOSSES PLUS ADDITIONS. For taxes levied in 1995, the  
4 property's taxable value in the immediately preceding year is the  
5 property's state equalized valuation in 1994.

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

7 (3) Upon a transfer of ownership of property after 1994  
8 THROUGH 2008, the property's taxable value for the calendar year  
9 following the year of the transfer is the property's state  
10 equalized valuation for the calendar year following the transfer.  
11 UPON A TRANSFER OF OWNERSHIP OF PROPERTY AFTER 2008, THE PROPERTY'S  
12 TAXABLE VALUE FOR THE CALENDAR YEAR FOLLOWING THE YEAR OF THE  
13 TRANSFER IS THE PROPERTY'S STATE EQUALIZED VALUATION FOR THE  
14 CALENDAR YEAR FOLLOWING THE TRANSFER MULTIPLIED BY A FRACTION THE  
15 NUMERATOR OF WHICH IS THE TOTAL TAXABLE VALUE OF ALL REAL PROPERTY  
16 SOLD IN THE LOCAL TAX COLLECTING UNIT FOR THE CALENDAR YEAR IN  
17 WHICH THE TRANSFER OCCURRED AND THE DENOMINATOR OF WHICH IS THE  
18 TOTAL STATE EQUALIZED VALUATION OF ALL REAL PROPERTY SOLD IN THE  
19 LOCAL TAX COLLECTING UNIT FOR THE CALENDAR YEAR IN WHICH THE  
20 TRANSFER OCCURRED.

21 (4) If the taxable value of property is adjusted under  
22 subsection (3), a subsequent increase in the property's taxable  
23 value is subject to the limitation set forth in subsection (2)  
24 until a subsequent transfer of ownership occurs. If the taxable  
25 value of property is adjusted under subsection (3) and the assessor  
26 determines that there had not been a transfer of ownership, the  
27 taxable value of the property shall be adjusted at the July or

1 December board of review. Notwithstanding the limitation provided  
2 in section 53b(1) on the number of years for which a correction may  
3 be made, the July or December board of review may adjust the  
4 taxable value of property under this subsection for the current  
5 year and for the 3 immediately preceding calendar years. A  
6 corrected tax bill shall be issued for each tax year for which the  
7 taxable value is adjusted by the local tax collecting unit if the  
8 local tax collecting unit has possession of the tax roll or by the  
9 county treasurer if the county has possession of the tax roll. For  
10 purposes of section 53b, an adjustment under this subsection shall  
11 be considered the correction of a clerical error.

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

24 (6) As used in this act, "transfer of ownership" means the  
25 conveyance of title to or a present interest in property, including  
26 the beneficial use of the property, the value of which is  
27 substantially equal to the value of the fee interest. Transfer of

1 ownership of property includes, but is not limited to, the  
2 following:

3 (a) A conveyance by deed.

4 (b) A conveyance by land contract. The taxable value of  
5 property conveyed by a land contract executed after December 31,  
6 1994 shall be adjusted under subsection (3) for the calendar year  
7 following the year in which the contract is entered into and shall  
8 not be subsequently adjusted under subsection (3) when the deed  
9 conveying title to the property is recorded in the office of the  
10 register of deeds in the county in which the property is located.

11 (c) A conveyance to a trust after December 31, 1994, except if  
12 the settlor or the settlor's spouse, or both, conveys the property  
13 to the trust and the sole present beneficiary or beneficiaries are  
14 the settlor or the settlor's spouse, or both.

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

18 (e) A change in the sole present beneficiary or beneficiaries  
19 of a trust, except a change that adds or substitutes the spouse of  
20 the sole present beneficiary.

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

23 (g) A conveyance by lease if the total duration of the lease,  
24 including the initial term and all options for renewal, is more  
25 than 35 years or the lease grants the lessee a bargain purchase  
26 option. As used in this subdivision, "bargain purchase option"  
27 means the right to purchase the property at the termination of the

1 lease for not more than 80% of the property's projected true cash  
2 value at the termination of the lease. After December 31, 1994, the  
3 taxable value of property conveyed by a lease with a total duration  
4 of more than 35 years or with a bargain purchase option shall be  
5 adjusted under subsection (3) for the calendar year following the  
6 year in which the lease is entered into. This subdivision does not  
7 apply to personal property except buildings described in section  
8 14(6) and personal property described in section 8(h), (i), and  
9 (j). This subdivision does not apply to that portion of the  
10 property not subject to the leasehold interest conveyed.

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

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

27 (j) A conveyance of an ownership interest in a cooperative

1 housing corporation, except that portion of the property not  
2 subject to the ownership interest conveyed.

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

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

6 (b) A transfer from a husband, a wife, or a husband and wife  
7 creating or disjoining a tenancy by the entireties in the grantors  
8 or the grantor and his or her spouse.

9 (c) A transfer of that portion of property subject to a life  
10 estate or life lease retained by the transferor, until expiration  
11 or termination of the life estate or life lease. That portion of  
12 property transferred that is not subject to a life lease shall be  
13 adjusted under subsection (3).

14 (d) A transfer through foreclosure or forfeiture of a recorded  
15 instrument under chapter 31, 32, or 57 of the revised judicature  
16 act of 1961, 1961 PA 236, MCL 600.3101 to ~~600.3280~~ **600.3285** and MCL  
17 600.5701 to 600.5759, or through deed or conveyance in lieu of a  
18 foreclosure or forfeiture, until the mortgagee or land contract  
19 vendor subsequently transfers the property. If a mortgagee does not  
20 transfer the property within 1 year of the expiration of any  
21 applicable redemption period, the property shall be adjusted under  
22 subsection (3).

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

25 (f) A conveyance to a trust if the settlor or the settlor's  
26 spouse, or both, conveys the property to the trust and the sole  
27 present beneficiary of the trust is the settlor or the settlor's

1 spouse, or both.

2 (g) A transfer pursuant to a judgment or order of a court of  
3 record making or ordering a transfer, unless a specific monetary  
4 consideration is specified or ordered by the court for the  
5 transfer.

6 (h) A transfer creating or terminating a joint tenancy between  
7 2 or more persons if at least 1 of the persons was an original  
8 owner of the property before the joint tenancy was initially  
9 created and, if the property is held as a joint tenancy at the time  
10 of conveyance, at least 1 of the persons was a joint tenant when  
11 the joint tenancy was initially created and that person has  
12 remained a joint tenant since the joint tenancy was initially  
13 created. A joint owner at the time of the last transfer of  
14 ownership of the property is an original owner of the property. For  
15 purposes of this subdivision, a person is an original owner of  
16 property owned by that person's spouse.

17 (i) A transfer for security or an assignment or discharge of a  
18 security interest.

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

27 (k) Normal public trading of shares of stock or other

1 ownership interests that, over any period of time, cumulatively  
2 represent more than 50% of the total ownership interest in a  
3 corporation or other legal entity and are traded in multiple  
4 transactions involving unrelated individuals, institutions, or  
5 other legal entities.

6 (l) A transfer of real property or other ownership interests  
7 among corporations, partnerships, limited liability companies,  
8 limited liability partnerships, or other legal entities if the  
9 entities involved are commonly controlled. Upon request by the  
10 state tax commission, a corporation, partnership, limited liability  
11 company, limited liability partnership, or other legal entity shall  
12 furnish proof within 45 days that a transfer meets the requirements  
13 of this subdivision. A corporation, partnership, limited liability  
14 company, limited liability partnership, or other legal entity that  
15 fails to comply with a request by the state tax commission under  
16 this subdivision is subject to a fine of \$200.00.

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

25 (n) A transfer of qualified agricultural property, if the  
26 person to whom the qualified agricultural property is transferred  
27 files an affidavit with the assessor of the local tax collecting

1 unit in which the qualified agricultural property is located and  
2 with the register of deeds for the county in which the qualified  
3 agricultural property is located attesting that the qualified  
4 agricultural property shall remain qualified agricultural property.  
5 The affidavit under this subdivision shall be in a form prescribed  
6 by the department of treasury. An owner of qualified agricultural  
7 property shall inform a prospective buyer of that qualified  
8 agricultural property that the qualified agricultural property is  
9 subject to the recapture tax provided in the agricultural property  
10 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the  
11 qualified agricultural property is converted by a change in use. If  
12 property ceases to be qualified agricultural property at any time  
13 after being transferred, all of the following shall occur:

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

17 (ii) The property is subject to the recapture tax provided for  
18 under the agricultural property recapture act, 2000 PA 261, MCL  
19 211.1001 to 211.1007.

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



1 treasury. An owner of qualified forest property shall inform a  
2 prospective buyer of that qualified forest property that the  
3 qualified forest property is subject to the recapture tax provided  
4 in the qualified forest property recapture tax act, 2006 PA 379,  
5 MCL 211.1031 to 211.1036, if the qualified forest property is  
6 converted by a change in use. If property ceases to be qualified  
7 forest property at any time after being transferred, all of the  
8 following shall occur:

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

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

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

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

25 (ii) A transfer of ownership of the land or a transfer of an  
26 interest in the land is eligible for a deduction as a qualified  
27 conservation contribution under section 170(h) of the internal

1 revenue code, 26 USC 170.

2 (8) If all of the following conditions are satisfied, the  
3 local tax collecting unit shall revise the taxable value of  
4 qualified agricultural property taxable on the tax roll in the  
5 possession of that local tax collecting unit to the taxable value  
6 that qualified agricultural property would have had if there had  
7 been no transfer of ownership of that qualified agricultural  
8 property since December 31, 1999 and there had been no adjustment  
9 of that qualified agricultural property's taxable value under  
10 subsection (3) since December 31, 1999:

11 (a) The qualified agricultural property was qualified  
12 agricultural property for taxes levied in 1999 and each year after  
13 1999.

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

17 (9) If the taxable value of qualified agricultural property is  
18 adjusted under subsection (8), the owner of that qualified  
19 agricultural property shall not be entitled to a refund for any  
20 property taxes collected under this act on that qualified  
21 agricultural property before the adjustment under subsection (8).

22 (10) The register of deeds of the county where deeds or other  
23 title documents are recorded shall notify the assessing officer of  
24 the appropriate local taxing unit not less than once each month of  
25 any recorded transaction involving the ownership of property and  
26 shall make any recorded deeds or other title documents available to  
27 that county's tax or equalization department. Unless notification

1 is provided under subsection (6), the buyer, grantee, or other  
2 transferee of the property shall notify the appropriate assessing  
3 office in the local unit of government in which the property is  
4 located of the transfer of ownership of the property within 45 days  
5 of the transfer of ownership, on a form prescribed by the state tax  
6 commission that states the parties to the transfer, the date of the  
7 transfer, the actual consideration for the transfer, and the  
8 property's parcel identification number or legal description. Forms  
9 filed in the assessing office of a local unit of government under  
10 this subsection shall be made available to the county tax or  
11 equalization department for the county in which that local unit of  
12 government is located. This subsection does not apply to personal  
13 property except buildings described in section 14(6) and personal  
14 property described in section 8(h), (i), and (j).

15 (11) As used in this section:

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

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

20 (c) "Converted by a change in use" means that term as defined  
21 in the agricultural property recapture act, 2000 PA 261, MCL  
22 211.1001 to 211.1007.

23 (d) "Inflation rate" means that term as defined in section  
24 34d.

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

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

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

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

5 (2) The governing body of the city or township may authorize,  
6 by adoption of an ordinance or resolution, alternative starting  
7 dates in March when the board of review shall initially meet, which  
8 alternative starting dates shall be the Tuesday or Wednesday  
9 following the second Monday of March.

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

23 (4) A board of review shall meet a total of at least ~~12~~18  
24 hours during the week beginning the second Monday in March to hear  
25 protests. At the request of a person whose property is assessed on  
26 the assessment roll or of his or her agent, and if sufficient cause  
27 is shown, the board of review shall correct the assessed value or

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

1 tribunal.

2 (5) After the board of review completes the review of the  
3 assessment roll, a majority of the board of review shall indorse  
4 the roll and sign a statement to the effect that the roll is the  
5 assessment roll for the year in which it has been prepared and  
6 approved by the board of review.

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

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