

HOUSE BILL No. 4611

March 18, 2009, Introduced by Reps. Miller, Switalski, Liss, Paul Scott, Roberts, Smith, Stamas, Warren, Leland, Cushingberry, Meadows and Espinoza and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2008 PA 198.

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

9 (2) Except as otherwise provided in subsection (5), an owner

1 of property may claim 1 exemption under this section by filing an
2 affidavit ~~on or before May 1~~ with the local tax collecting unit in
3 which the property is located **ON OR BEFORE MAY 1 FOR TAXES LEVIED**
4 **BEFORE JANUARY 1, 2009 OR, FOR TAXES LEVIED AFTER DECEMBER 31,**
5 **2008, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**
6 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**
7 **LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE**
8 **NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL**
9 **DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE**
10 **NUMBER OF DAYS IN THAT TAX YEAR.** The affidavit shall state that the
11 property is owned and occupied as a principal residence by that
12 owner of the property on the date that the affidavit is signed. The
13 affidavit shall be on a form prescribed by the department of
14 treasury. One copy of the affidavit shall be retained by the owner,
15 1 copy shall be retained by the local tax collecting unit until any
16 appeal or audit period under this act has expired, and 1 copy shall
17 be forwarded to the department of treasury pursuant to subsection
18 (4), together with all information submitted under subsection (26)
19 for a cooperative housing corporation. The affidavit shall require
20 the owner claiming the exemption to indicate if that owner or that
21 owner's spouse has claimed another exemption on property in this
22 state that is not rescinded or a substantially similar exemption,
23 deduction, or credit on property in another state that is not
24 rescinded. If the affidavit requires an owner to include a social
25 security number, that owner's number is subject to the disclosure
26 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of
27 property filed an affidavit for an exemption under this section

1 before January 1, 2004, that affidavit shall be considered the
2 affidavit required under this subsection for a principal residence
3 exemption and that exemption shall remain in effect until rescinded
4 as provided in this section.

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

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

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

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

23 (d) That person has filed an income tax return in a state
24 other than this state as a resident, except active duty military
25 personnel stationed in this state with his or her principal
26 residence in this state.

27 (e) That person has previously rescinded an exemption under

1 this section for the same property for which an exemption is now
2 claimed and there has not been a transfer of ownership of that
3 property after the previous exemption was rescinded, if either of
4 the following conditions is satisfied:

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

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

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

22 (5) Not more than 90 days after exempted property is no longer
23 used as a principal residence by the owner claiming an exemption,
24 that owner shall rescind the claim of exemption by filing with the
25 local tax collecting unit a rescission form prescribed by the
26 department of treasury. However, if an owner is eligible for and
27 claims an exemption for that owner's current principal residence,

1 that owner may retain an exemption for not more than 3 tax years on
2 property previously exempt as his or her principal residence if
3 that property is not occupied, is for sale, is not leased, and is
4 not used for any business or commercial purpose by filing a
5 conditional rescission form prescribed by the department of
6 treasury on or before May 1 with the local tax collecting unit.
7 Property is eligible for a conditional rescission if that property
8 is available for lease and all other conditions under this
9 subsection are met. A copy of the conditional rescission form shall
10 be forwarded to the department of treasury according to a schedule
11 prescribed by the department of treasury. An owner who files a
12 conditional rescission form shall annually verify to the assessor
13 of the local tax collecting unit on or before December 31 that the
14 property for which the principal residence exemption is retained is
15 not occupied, is for sale, is not leased, and is not used for any
16 business or commercial purpose. If an owner does not annually
17 verify by December 31 that the property for which the principal
18 residence exemption is retained is not occupied, is for sale, is
19 not leased, and is not used for any business or commercial purpose,
20 the assessor of the local tax collecting unit shall deny the
21 principal residence exemption on that property. If property subject
22 to a conditional rescission is leased, the local tax collecting
23 unit shall deny that conditional rescission and that denial is
24 retroactive and is effective on December 31 of the year immediately
25 preceding the year in which the property subject to the conditional
26 rescission is leased. An owner who fails to file a rescission as
27 required by this subsection is subject to a penalty of \$5.00 per

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

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

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

1 aid fund and shall distribute any interest collected as provided in
2 subsection (23). The denial shall be made on a form prescribed by
3 the department of treasury. If the property for which the assessor
4 has denied a claim for exemption under this subsection is located
5 in a county in which the county treasurer or the county
6 equalization director have elected to audit exemptions under
7 subsection (10), the assessor shall notify the county treasurer or
8 the county equalization director of the denial under this
9 subsection.

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

18 (8) The department of treasury shall determine if the property
19 is the principal residence of the owner claiming the exemption. The
20 department of treasury may review the validity of exemptions for
21 the current calendar year and for the 3 immediately preceding
22 calendar years. Except as otherwise provided in subsection (5), if
23 the department of treasury determines that the property is not the
24 principal residence of the owner claiming the exemption, the
25 department shall send a notice of that determination to the local
26 tax collecting unit and to the owner of the property claiming the
27 exemption, indicating that the claim for exemption is denied,

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

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

27 (9) The department of treasury may enter into an agreement

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

8 (10) A county may elect to audit the exemptions claimed under
9 this section in all local tax collecting units located in that
10 county as provided in this subsection. The election to audit
11 exemptions shall be made by the county treasurer, or by the county
12 equalization director with the concurrence by resolution of the
13 county board of commissioners. The initial election to audit
14 exemptions shall require an audit period of 2 years. Before 2009,
15 subsequent elections to audit exemptions shall be made every 2
16 years and shall require 2 annual audit periods. Beginning in 2009,
17 an election to audit exemptions shall be made every 5 years and
18 shall require 5 annual audit periods. An election to audit
19 exemptions shall be made by submitting an election to audit form to
20 the assessor of each local tax collecting unit in that county and
21 to the department of treasury not later than April 1 preceding the
22 October 1 in the year in which an election to audit is made. The
23 election to audit form required under this subsection shall be in a
24 form prescribed by the department of treasury. If a county elects
25 to audit the exemptions claimed under this section, the department
26 of treasury may continue to review the validity of exemptions as
27 provided in subsection (8). If a county does not elect to audit the

1 exemptions claimed under this section as provided in this
2 subsection, the department of treasury shall conduct an audit of
3 exemptions claimed under this section in the initial 2-year audit
4 period for each local tax collecting unit in that county unless the
5 department of treasury has entered into an agreement with the
6 assessor for that local tax collecting unit under subsection (9).

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

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

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

24 (12) If a county elects to audit exemptions claimed under this
25 section as provided in subsection (10), the county treasurer or the
26 county equalization director may enter into an agreement with the
27 assessor of a local tax collecting unit in that county regarding

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

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

23 (14) For taxes levied after December 31, 2005, for each county
24 in which the county treasurer or the county equalization director
25 does not elect to audit the exemptions claimed under this section
26 as provided in subsection (10), the department of treasury shall
27 conduct an annual audit of exemptions claimed under this section

1 for the current calendar year.

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

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

27 (17) When a county register of deeds records a transfer of

1 ownership of a property, he or she shall notify the local tax
2 collecting unit in which the property is located of the transfer.

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

1 when requested to do so by the buyer or seller.

2 (19) An owner who owned and occupied a principal residence on
3 May 1 for which the exemption was not on the tax roll may file an
4 appeal with the July board of review or December board of review in
5 the year for which the exemption was claimed or the immediately
6 succeeding 3 years. If an appeal of a claim for exemption that was
7 not on the tax roll is received not later than 5 days prior to the
8 date of the December board of review, the local tax collecting unit
9 shall convene a December board of review and consider the appeal
10 pursuant to this section and section 53b. For the 2008 tax year
11 only, an owner of property eligible for a conditional rescission
12 under subsection (5) who did not file a conditional rescission form
13 prescribed by the department of treasury with the local tax
14 collecting unit on or before May 1, 2008 may file an appeal with
15 the 2008 July board of review or 2008 December board of review to
16 claim a conditional rescission for the 2008 tax year.

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

27 (21) If granting the exemption under this section results in

1 an overpayment of the tax, a rebate, including any interest paid,
2 shall be made to the taxpayer by the local tax collecting unit if
3 the local tax collecting unit has possession of the tax roll or by
4 the county treasurer if the county has possession of the tax roll
5 within 30 days of the date the exemption is granted. The rebate
6 shall be without interest.

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

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

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

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

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

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

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

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

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

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

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

20 (c) If the county treasurer or his or her designee or the
21 county equalization director or his or her designee denies the
22 exemption under this section, as follows:

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

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

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

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

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

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

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

22 (26) A cooperative housing corporation is entitled to a full
23 or partial exemption under this section for the tax year in which
24 the cooperative housing corporation files all of the following with
25 the local tax collecting unit in which the cooperative housing
26 corporation is located if filed on or before May 1 **FOR TAXES LEVIED**
27 **BEFORE JANUARY 1, 2009, OR, FOR TAXES LEVIED AFTER DECEMBER 31,**

1 2008, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF
2 TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES
3 LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE
4 NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL
5 DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE
6 NUMBER OF DAYS IN THAT TAX YEAR:

7 (a) An affidavit form.

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

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

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

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

1 388.1751.

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

6 (a) Add all of the following:

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

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

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

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

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

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

24 (29) The owner claiming an exemption under this section for
25 property open and available as a bed and breakfast shall file an
26 affidavit claiming the exemption on or before May 1 with the local
27 tax collecting unit in which the property is located. The affidavit

1 shall be in a form prescribed by the department of treasury.

2 (30) As used in this section:

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

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

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

10 (iii) Has a smoke detector in proper working order in each
11 sleeping room and a fire extinguisher in proper working order on
12 each floor.

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