

# SENATE BILL No. 990

February 29, 2012, Introduced by Senators CASWELL, NOFS, HILDENBRAND, ROBERTSON, JONES, ROCCA, HANSEN, MARLEAU, COLBECK, BIEDA and KOWALL and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 7cc and 7dd (MCL 211.7cc and 211.7dd), section  
7cc as amended by 2010 PA 17 and section 7dd as amended by 2011 PA  
320.

## 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).

(2) Except as otherwise provided in subsection (5), an owner of property may claim 1 exemption under this section by filing an affidavit on or before May 1 with the local tax collecting unit in which the property is located. The affidavit shall state that the property is owned and occupied as a principal residence by that owner of the property on the date that the affidavit is signed. The affidavit shall be on a form prescribed by the department of treasury. One copy of the affidavit shall be retained by the owner, 1 copy shall be retained by the local tax collecting unit until any appeal or audit period under this act has expired, and 1 copy shall be forwarded to the department of treasury pursuant to subsection (4), together with all information submitted under subsection (26) for a cooperative housing corporation. The affidavit shall require the owner claiming the exemption to indicate if that owner or that owner's spouse has claimed another exemption on property in this state that is not rescinded or a substantially similar exemption, deduction, or credit on property in another state that is not rescinded. If the affidavit requires an owner to include a social security number, that owner's number is subject to the disclosure restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an affidavit for an exemption under this section before January 1, 2004, that affidavit shall be considered the affidavit required under this subsection for a principal residence exemption and that exemption shall remain in effect until rescinded as provided in this section.

(3) Except as otherwise provided in subsection (5), a husband and wife who are required to file or who do file a joint Michigan

1 income tax return are entitled to not more than 1 exemption under  
2 this section. For taxes levied after December 31, 2002, a person is  
3 not entitled to an exemption under this section if any of the  
4 following conditions occur:

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

8 (b) Subject to subdivision (a), that person or his or her  
9 spouse owns property in a state other than this state for which  
10 that person or his or her spouse claims an exemption, deduction, or  
11 credit substantially similar to the exemption provided under this  
12 section, unless that person and his or her spouse file separate  
13 income tax returns.

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

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

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

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

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

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

16           (5) Not more than 90 days after exempted property is no longer  
17 used as a principal residence by the owner claiming an exemption,  
18 that owner shall rescind the claim of exemption by filing with the  
19 local tax collecting unit a rescission form prescribed by the  
20 department of treasury. However, if an owner is eligible for and  
21 claims an exemption for that owner's current principal residence,  
22 that owner may retain an exemption for not more than 3 tax years on  
23 property previously exempt as his or her principal residence if  
24 that property is not occupied, is for sale, is not leased, and is  
25 not used for any business or commercial purpose by filing a  
26 conditional rescission form prescribed by the department of  
27 treasury on or before May 1 with the local tax collecting unit.

1 Property is eligible for a conditional rescission if that property  
2 is available for lease and all other conditions under this  
3 subsection are met. A copy of the conditional rescission form shall  
4 be forwarded to the department of treasury according to a schedule  
5 prescribed by the department of treasury. An owner who files a  
6 conditional rescission form shall annually verify to the assessor  
7 of the local tax collecting unit on or before December 31 that the  
8 property for which the principal residence exemption is retained is  
9 not occupied, is for sale, is not leased, and is not used for any  
10 business or commercial purpose. If an owner does not annually  
11 verify by December 31 that the property for which the principal  
12 residence exemption is retained is not occupied, is for sale, is  
13 not leased, and is not used for any business or commercial purpose,  
14 the assessor of the local tax collecting unit shall deny the  
15 principal residence exemption on that property. If property subject  
16 to a conditional rescission is leased, the local tax collecting  
17 unit shall deny that conditional rescission and that denial is  
18 retroactive and is effective on December 31 of the year immediately  
19 preceding the year in which the property subject to the conditional  
20 rescission is leased. An owner who fails to file a rescission as  
21 required by this subsection is subject to a penalty of \$5.00 per  
22 day for each separate failure beginning after the 90 days have  
23 elapsed, up to a maximum of \$200.00. This penalty shall be  
24 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be  
25 deposited in the state school aid fund established in section 11 of  
26 article IX of the state constitution of 1963. This penalty may be  
27 waived by the department of treasury. **A PERSON WHO PREVIOUSLY**

1 OCCUPIED A PROPERTY AS HIS OR HER PRINCIPAL RESIDENCE BUT NOW  
2 RESIDES IN A NURSING HOME OR ASSISTED LIVING FACILITY MAY RETAIN AN  
3 EXEMPTION ON THE PROPERTY IF THE OWNER MANIFESTS AN INTENT TO  
4 RETURN TO THE PROPERTY BY SATISFYING ALL OF THE FOLLOWING  
5 CONDITIONS:

6 (A) THE OWNER CONTINUES TO OWN THE PROPERTY WHILE RESIDING IN  
7 THE NURSING HOME OR ASSISTED LIVING FACILITY.

8 (B) THE OWNER HAS NOT ESTABLISHED A NEW PRINCIPAL RESIDENCE.

9 (C) THE OWNER MAINTAINS OR PROVIDES FOR THE MAINTENANCE OF THE  
10 PROPERTY WHILE RESIDING IN THE NURSING HOME OR ASSISTED LIVING  
11 FACILITY.

12 (D) THE PROPERTY IS NOT OCCUPIED EXCEPT BY THE OWNER'S SON,  
13 DAUGHTER, GRANDSON, OR GRANDDAUGHTER, IS NOT FOR SALE, IS NOT  
14 LEASED, AND IS NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE.

15 (6) Except as otherwise provided in subsection (5), if the  
16 assessor of the local tax collecting unit believes that the  
17 property for which an exemption is claimed is not the principal  
18 residence of the owner claiming the exemption, the assessor may  
19 deny a new or existing claim by notifying the owner and the  
20 department of treasury in writing of the reason for the denial and  
21 advising the owner that the denial may be appealed to the  
22 residential and small claims division of the Michigan tax tribunal  
23 within 35 days after the date of the notice. The assessor may deny  
24 a claim for exemption for the current year and for the 3  
25 immediately preceding calendar years. If the assessor denies an  
26 existing claim for exemption, the assessor shall remove the  
27 exemption of the property and, if the tax roll is in the local tax

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

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

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

26 (8) The department of treasury shall determine if the property  
27 is the principal residence of the owner claiming the exemption. The



1 department of treasury may review the validity of exemptions for  
2 the current calendar year and for the 3 immediately preceding  
3 calendar years. Except as otherwise provided in subsection (5), if  
4 the department of treasury determines that the property is not the  
5 principal residence of the owner claiming the exemption, the  
6 department shall send a notice of that determination to the local  
7 tax collecting unit and to the owner of the property claiming the  
8 exemption, indicating that the claim for exemption is denied,  
9 stating the reason for the denial, and advising the owner claiming  
10 the exemption of the right to appeal the determination to the  
11 department of treasury and what those rights of appeal are. The  
12 department of treasury may issue a notice denying a claim if an  
13 owner fails to respond within 30 days of receipt of a request for  
14 information from that department. An owner may appeal the denial of  
15 a claim of exemption to the department of treasury within 35 days  
16 of receipt of the notice of denial. An appeal to the department of  
17 treasury shall be conducted according to the provisions for an  
18 informal conference in section 21 of 1941 PA 122, MCL 205.21.  
19 Within 10 days after acknowledging an appeal of a denial of a claim  
20 of exemption, the department of treasury shall notify the assessor  
21 and the treasurer for the county in which the property is located  
22 that an appeal has been filed. Upon receipt of a notice that the  
23 department of treasury has denied a claim for exemption, the  
24 assessor shall remove the exemption of the property and, if the tax  
25 roll is in the local tax collecting unit's possession, amend the  
26 tax roll to reflect the denial and the local treasurer shall within  
27 30 days of the date of the denial issue a corrected tax bill for

1 any additional taxes with interest at the rate of 1.25% per month  
2 or fraction of a month and penalties computed from the date the  
3 taxes were last payable without interest and penalty. If the tax  
4 roll is in the county treasurer's possession, the tax roll shall be  
5 amended to reflect the denial and the county treasurer shall within  
6 30 days of the date of the denial prepare and submit a supplemental  
7 tax bill for any additional taxes, together with interest at the  
8 rate of 1.25% per month or fraction of a month and penalties  
9 computed from the date the taxes were last payable without interest  
10 or penalty. Interest on any tax set forth in a corrected or  
11 supplemental tax bill shall again begin to accrue 60 days after the  
12 date the corrected or supplemental tax bill is issued at the rate  
13 of 1.25% per month or fraction of a month. The department of  
14 treasury may waive interest on any tax set forth in a corrected or  
15 supplemental tax bill for the current tax year and the immediately  
16 preceding 3 tax years if the assessor of the local tax collecting  
17 unit files with the department of treasury a sworn affidavit in a  
18 form prescribed by the department of treasury stating that the tax  
19 set forth in the corrected or supplemental tax bill is a result of  
20 the assessor's classification error or other error or the  
21 assessor's failure to rescind the exemption after the owner  
22 requested in writing that the exemption be rescinded. Taxes levied  
23 in a corrected or supplemental tax bill shall be returned as  
24 delinquent on the March 1 in the year immediately succeeding the  
25 year in which the corrected or supplemental tax bill is issued. If  
26 the department of treasury denies an existing claim for exemption,  
27 the interest due shall be distributed as provided in subsection

1 (23). However, if the property has been transferred to a bona fide  
2 purchaser before additional taxes were billed to the seller as a  
3 result of the denial of a claim for exemption, the taxes, interest,  
4 and penalties shall not be a lien on the property and shall not be  
5 billed to the bona fide purchaser, and the local tax collecting  
6 unit if the local tax collecting unit has possession of the tax  
7 roll or the county treasurer if the county has possession of the  
8 tax roll shall notify the department of treasury of the amount of  
9 tax due and interest through the date of that notification. The  
10 department of treasury shall then assess the owner who claimed the  
11 exemption under this section for the tax and interest plus penalty  
12 accruing as a result of the denial of the claim for exemption, if  
13 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
14 205.31, and shall deposit any tax or penalty collected into the  
15 state school aid fund and shall distribute any interest collected  
16 as provided in subsection (23).

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

25 (10) A county may elect to audit the exemptions claimed under  
26 this section in all local tax collecting units located in that  
27 county as provided in this subsection. The election to audit

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

24 (11) If a county elects to audit the exemptions claimed under  
25 this section as provided in subsection (10) and the county  
26 treasurer or his or her designee or the county equalization  
27 director or his or her designee believes that the property for

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

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

1 claim for exemption, if any, as for unpaid taxes provided under  
2 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
3 penalty collected into the state school aid fund and shall  
4 distribute any interest collected as provided in subsection (23).  
5 The department of treasury shall annually provide the county  
6 treasurer or his or her designee or the county equalization  
7 director or his or her designee a list of parcels of property  
8 located in that county for which an exemption may be erroneously  
9 claimed. The county treasurer or his or her designee or the county  
10 equalization director or his or her designee shall forward copies  
11 of the list provided by the department of treasury to each assessor  
12 in each local tax collecting unit in that county within 10 days of  
13 receiving the list.

14 (12) If a county elects to audit exemptions claimed under this  
15 section as provided in subsection (10), the county treasurer or the  
16 county equalization director may enter into an agreement with the  
17 assessor of a local tax collecting unit in that county regarding  
18 the implementation or administration of this section. The agreement  
19 may specify that for a period of time, not to exceed 120 days, the  
20 county will not deny an exemption identified by the department of  
21 treasury in the list provided under subsection (11).

22 (13) An owner may appeal a denial by the assessor of the local  
23 tax collecting unit under subsection (6), a final decision of the  
24 department of treasury under subsection (8), or a denial by the  
25 county treasurer or his or her designee or the county equalization  
26 director or his or her designee under subsection (11) to the  
27 residential and small claims division of the Michigan tax tribunal

1 within 35 days of that decision. An owner is not required to pay  
2 the amount of tax in dispute in order to appeal a denial of a claim  
3 of exemption to the department of treasury or to receive a final  
4 determination of the residential and small claims division of the  
5 Michigan tax tribunal. However, interest at the rate of 1.25% per  
6 month or fraction of a month and penalties shall accrue and be  
7 computed from the date the taxes were last payable without interest  
8 and penalty. If the residential and small claims division of the  
9 Michigan tax tribunal grants an owner's appeal of a denial and that  
10 owner has paid the interest due as a result of a denial under  
11 subsection (6), (8), or (11), the interest received after a  
12 distribution was made under subsection (23) shall be refunded.

13 (14) For taxes levied after December 31, 2005, for each county  
14 in which the county treasurer or the county equalization director  
15 does not elect to audit the exemptions claimed under this section  
16 as provided in subsection (10), the department of treasury shall  
17 conduct an annual audit of exemptions claimed under this section  
18 for the current calendar year.

19 (15) Except as otherwise provided in subsection (5), an  
20 affidavit filed by an owner for the exemption under this section  
21 rescinds all previous exemptions filed by that owner for any other  
22 property. The department of treasury shall notify the assessor of  
23 the local tax collecting unit in which the property for which a  
24 previous exemption was claimed is located if the previous exemption  
25 is rescinded by the subsequent affidavit. When an exemption is  
26 rescinded, the assessor of the local tax collecting unit shall  
27 remove the exemption effective December 31 of the year in which the



1 affidavit was filed that rescinded the exemption. For any year for  
2 which the rescinded exemption has not been removed from the tax  
3 roll, the exemption shall be denied as provided in this section.  
4 However, interest and penalty shall not be imposed for a year for  
5 which a rescission form has been timely filed under subsection (5).

6 (16) Except as otherwise provided in subsection (28), if the  
7 principal residence is part of a unit in a multiple-unit dwelling  
8 or a dwelling unit in a multiple-purpose structure, an owner shall  
9 claim an exemption for only that portion of the total taxable value  
10 of the property used as the principal residence of that owner in a  
11 manner prescribed by the department of treasury. If a portion of a  
12 parcel for which the owner claims an exemption is used for a  
13 purpose other than as a principal residence, the owner shall claim  
14 an exemption for only that portion of the taxable value of the  
15 property used as the principal residence of that owner in a manner  
16 prescribed by the department of treasury.

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

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

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

19 (19) An owner who owned and occupied a principal residence on  
20 May 1 for which the exemption was not on the tax roll may file an  
21 appeal with the July board of review or December board of review in  
22 the year for which the exemption was claimed or the immediately  
23 succeeding 3 years. If an appeal of a claim for exemption that was  
24 not on the tax roll is received not later than 5 days prior to the  
25 date of the December board of review, the local tax collecting unit  
26 shall convene a December board of review and consider the appeal  
27 pursuant to this section and section 53b. For the 2008 tax year

1 only, an owner of property eligible for a conditional rescission  
2 under subsection (5) who did not file a conditional rescission form  
3 prescribed by the department of treasury with the local tax  
4 collecting unit on or before May 1, 2008 may file an appeal with  
5 the 2008 July board of review or 2008 December board of review to  
6 claim a conditional rescission for the 2008 tax year. For the 2008  
7 and 2009 tax years only, an owner of property classified as timber-  
8 cutover real property adjoining or contiguous to that owner's  
9 principal residence who did not claim an exemption for the property  
10 classified as timber-cutover real property under this section  
11 before May 1, 2009 or whose claim for exemption under this section  
12 for that property classified as timber-cutover real property was  
13 denied before May 1, 2009 may file an appeal with the 2009 December  
14 board of review or the 2010 July board of review to claim an  
15 exemption under this section for that property classified as  
16 timber-cutover real property for the 2008 and 2009 tax years.

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. If an exemption for property classified  
7 as timber-cutover real property is granted under this section for  
8 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
9 delinquent and unpaid penalty, interest, and tax resulting from  
10 that property not having been exempt under this section for the  
11 2008 or 2009 tax year shall be waived.

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

1 treasurer if the county has possession of the tax roll. Unless a  
2 denial has been issued prior to July 1, 2003, if an owner requests  
3 that an exemption under this section be withdrawn and that owner  
4 pays the corrected tax bill issued under this subsection within 30  
5 days after the corrected tax bill is issued, that owner is not  
6 liable for any penalty or interest on the additional tax. An owner  
7 who pays a corrected tax bill issued under this subsection more  
8 than 30 days after the corrected tax bill is issued is liable for  
9 the penalties and interest that would have accrued if the exemption  
10 had not been granted from the date the taxes were originally  
11 levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (26) A cooperative housing corporation is entitled to a full

1 or partial exemption under this section for the tax year in which  
2 the cooperative housing corporation files all of the following with  
3 the local tax collecting unit in which the cooperative housing  
4 corporation is located if filed on or before May 1:

5 (a) An affidavit form.

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

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

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

20 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
21 of each county shall forward to the department of education a  
22 statement of the taxable value of each school district and fraction  
23 of a school district within the county for the preceding 4 calendar  
24 years. This requirement is in addition to the requirement set forth  
25 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
26 388.1751.

27 (28) For a parcel of property open and available for use as a

1 bed and breakfast, the portion of the taxable value of the property  
2 used as a principal residence under subsection (16) shall be  
3 calculated in the following manner:

4 (a) Add all of the following:

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

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

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

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

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

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

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

27 (30) As used in this section:



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

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

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

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

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

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

18 (a) "Owner" means any of the following:

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

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

22 (iii) A person who owns property as a result of being a  
23 beneficiary of a will or trust or as a result of intestate  
24 succession.

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

27 (v) A person holding a life lease in property previously sold

1 or transferred to another.

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

4 (vii) The sole present beneficiary of a trust if the trust  
5 purchased or acquired the property as a principal residence for the  
6 sole present beneficiary of the trust, and the sole present  
7 beneficiary of the trust is totally and permanently disabled. As  
8 used in this subparagraph, "totally and permanently disabled" means  
9 disability as defined in section 216 of title II of the social  
10 security act, 42 USC 416, without regard as to whether the sole  
11 present beneficiary of the trust has reached the age of retirement.

12 (viii) A cooperative housing corporation.

13 (ix) A facility registered under the living care disclosure  
14 act, 1976 PA 440, MCL 554.801 to 554.844.

15 (b) "Person", for purposes of defining owner as used in  
16 section 7cc, means an individual and for purposes of defining owner  
17 as used in section 7ee means an individual, partnership,  
18 corporation, limited liability company, association, or other legal  
19 entity.

20 (c) "Principal residence" means the 1 place where an owner of  
21 the property has his or her true, fixed, and permanent home to  
22 which, whenever absent, he or she intends to return and that shall  
23 continue as a principal residence until another principal residence  
24 is established. Except as otherwise provided in this subdivision,  
25 principal residence includes only that portion of a dwelling or  
26 unit in a multiple-unit dwelling that is subject to ad valorem  
27 taxes and that is owned and occupied by an owner of the dwelling or

1 unit. Principal residence also includes all of an owner's  
2 unoccupied property classified as residential that is adjoining or  
3 contiguous to the dwelling subject to ad valorem taxes and that is  
4 owned and occupied by the owner. Beginning December 31, 2007,  
5 principal residence also includes all of an owner's unoccupied  
6 property classified as timber-cutover real property under section  
7 34c that is adjoining or contiguous to the dwelling subject to ad  
8 valorem taxes and that is owned and occupied by the owner.

9 Contiguity is not broken by **BOUNDARY BETWEEN LOCAL TAX COLLECTING**  
10 **UNITS**, a road, a right-of-way, or property purchased or taken under  
11 condemnation proceedings by a public utility for power transmission  
12 lines if the 2 parcels separated by the purchased or condemned  
13 property were a single parcel prior to the sale or condemnation.  
14 Except as otherwise provided in this subdivision, principal  
15 residence also includes any portion of a dwelling or unit of an  
16 owner that is rented or leased to another person as a residence as  
17 long as that portion of the dwelling or unit that is rented or  
18 leased is less than 50% of the total square footage of living space  
19 in that dwelling or unit. Principal residence also includes a life  
20 care facility registered under the living care disclosure act, 1976  
21 PA 440, MCL 554.801 to 554.844. Principal residence also includes  
22 property owned by a cooperative housing corporation and occupied by  
23 tenant stockholders. Property that qualified as a principal  
24 residence shall continue to qualify as a principal residence for 3  
25 years after all or any portion of the dwelling or unit included in  
26 or constituting the principal residence is rented or leased to  
27 another person as a residence if all of the following conditions

1 are satisfied:

2 (i) The owner of the dwelling or unit is absent while on active  
3 duty in the armed forces of the United States.

4 (ii) The dwelling or unit would otherwise qualify as the  
5 owner's principal residence.

6 (iii) Except as otherwise provided in this subparagraph, the  
7 owner files an affidavit with the assessor of the local tax  
8 collecting unit on or before May 1 attesting that it is his or her  
9 intent to occupy the dwelling or unit as a principal residence upon  
10 completion of active duty in the armed forces of the United States.  
11 In 2008 only, the owner may file an affidavit under this  
12 subparagraph on or before December 31. A copy of an affidavit filed  
13 under this subparagraph shall be forwarded to the department of  
14 treasury pursuant to a schedule prescribed by the department of  
15 treasury.

16 (d) "Qualified agricultural property" means unoccupied  
17 property and related buildings classified as agricultural, or other  
18 unoccupied property and related buildings located on that property  
19 devoted primarily to agricultural use as defined in section 36101  
20 of the natural resources and environmental protection act, 1994 PA  
21 451, MCL 324.36101. Related buildings include a residence occupied  
22 by a person employed in or actively involved in the agricultural  
23 use and who has not claimed a principal residence exemption on  
24 other property. For taxes levied after December 31, 2008, property  
25 shall not lose its status as qualified agricultural property as a  
26 result of an owner or lessee of that property implementing a  
27 wildlife risk mitigation action plan. Notwithstanding any other

1 provision of this act to the contrary, if after December 31, 2008  
2 the classification of property was changed as a result of the  
3 implementation of a wildlife risk mitigation action plan, the owner  
4 of that property may appeal that change in classification to the  
5 board of review under section 30 in the year in which the  
6 amendatory act that added this sentence takes effect or in the 3  
7 immediately succeeding years. Within 30 days of the effective date  
8 of the amendatory act that added the immediately preceding  
9 sentence, the department of treasury shall update its publication  
10 entitled "Qualified Agricultural Property Exemption Guidelines" and  
11 shall post that updated publication on the department of treasury  
12 website. Property used for commercial storage, commercial  
13 processing, commercial distribution, commercial marketing, or  
14 commercial shipping operations or other commercial or industrial  
15 purposes is not qualified agricultural property. A parcel of  
16 property is devoted primarily to agricultural use only if more than  
17 50% of the parcel's acreage is devoted to agricultural use. An  
18 owner shall not receive an exemption for that portion of the total  
19 state equalized valuation of the property that is used for a  
20 commercial or industrial purpose or that is a residence that is not  
21 a related building. As used in this subdivision:

22 (i) "Project" means certain risk mitigating measures, which may  
23 include, but are not limited to, the following:

24 (A) Making it difficult for wildlife to access feed by storing  
25 livestock feed securely, restricting wildlife access to feeding and  
26 watering areas, and deterring or reducing wildlife presence around  
27 livestock feed by storing feed in an enclosed barn, wrapping bales

1 or covering stacks with tarps, closing ends of bags, storing grains  
2 in animal-proof containers or bins, maintaining fences, practicing  
3 small mammal and rodent control, or feeding away from wildlife  
4 cover.

5 (B) Minimizing wildlife access to livestock feed and water by  
6 feeding livestock in an enclosed area, feeding in open areas near  
7 buildings and human activity, removing extra or waste feed when  
8 livestock are moved, using hay feeders to reduce waste, using  
9 artificial water systems to help keep livestock from sharing water  
10 sources with wildlife, fencing off stagnant ponds, wetlands, or  
11 areas of wildlife habitats that pose a disease risk, and keeping  
12 mineral feeders near buildings and human activity or using devices  
13 that restrict wildlife usage.

14 (ii) "Wildlife risk mitigation action plan" means a written  
15 plan consisting of 1 or more projects to help reduce the risks of a  
16 communicable disease spreading between wildlife and livestock that  
17 is approved by the department of agriculture under the animal  
18 industry act, 1988 PA 466, MCL 287.701 to 287.745.