

HOUSE BILL No. 4135

January 30, 2013, Introduced by Rep. Foster 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 2012 PA 524.

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).

1 (2) Except as otherwise provided in subsection (5), an owner
2 of property may claim 1 exemption under this section by filing an
3 affidavit on or before May 1 for taxes levied before January 1,
4 2012 or, for taxes levied after December 31, 2011, on or before
5 June 1 for the immediately succeeding summer tax levy and all
6 subsequent tax levies or on or before November 1 for the
7 immediately succeeding winter tax levy and all subsequent tax
8 levies with the local tax collecting unit in which the property is
9 located. The affidavit shall state that the property is owned and
10 occupied as a principal residence by that owner of the property on
11 the date that the affidavit is signed. The affidavit shall be on a
12 form prescribed by the department of treasury. One copy of the
13 affidavit shall be retained by the owner, 1 copy shall be retained
14 by the local tax collecting unit until any appeal or audit period
15 under this act has expired, and 1 copy shall be forwarded to the
16 department of treasury pursuant to subsection (4), together with
17 all information submitted under subsection (26) for a cooperative
18 housing corporation. The affidavit shall require the owner claiming
19 the exemption to indicate if that owner or that owner's spouse has
20 claimed another exemption on property in this state that is not
21 rescinded or a substantially similar exemption, deduction, or
22 credit on property in another state that is not rescinded. If the
23 affidavit requires an owner to include a social security number,
24 that owner's number is subject to the disclosure restrictions in
25 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
26 affidavit for an exemption under this section before January 1,
27 2004, that affidavit shall be considered the affidavit required

1 under this subsection for a principal residence exemption and that
2 exemption shall remain in effect until rescinded as provided in
3 this section.

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

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

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

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

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

26 (e) That person has previously rescinded an exemption under
27 this section for the same property for which an exemption is now

1 claimed and there has not been a transfer of ownership of that
2 property after the previous exemption was rescinded, if either of
3 the following conditions is satisfied:

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

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

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

21 (5) Except as otherwise provided in this subsection, not more
22 than 90 days after exempted property is no longer used as a
23 principal residence by the owner claiming an exemption, that owner
24 shall rescind the claim of exemption by filing with the local tax
25 collecting unit a rescission form prescribed by the department of
26 treasury. If an owner is eligible for and claims an exemption for
27 that owner's current principal residence, that owner may retain an

1 exemption for not more than 3 tax years on property previously
2 exempt as his or her principal residence if that property is not
3 occupied, is for sale, is not leased, and is not used for any
4 business or commercial purpose by filing a conditional rescission
5 form prescribed by the department of treasury with the local tax
6 collecting unit within the time period prescribed in subsection
7 (2). Beginning in the 2012 tax year, ~~subject to the payment~~
8 ~~requirement set forth in this subsection,~~ if a land contract
9 vendor, bank, credit union, or other lending institution owns
10 property as a result of a foreclosure or forfeiture of a recorded
11 instrument under chapter 31, 32, or 57 of the revised judicature
12 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701
13 to 600.5759, or through deed or conveyance in lieu of a foreclosure
14 or forfeiture on that property and that property had been exempt
15 under this section immediately preceding the foreclosure, that land
16 contract vendor, bank, credit union, or other lending institution
17 may retain an exemption on that property at the same percentage of
18 exemption that the property previously had under this section if
19 that property is not occupied other than by the person who claimed
20 the exemption under this section immediately preceding the
21 foreclosure or forfeiture, is for sale, is not leased to any person
22 other than the person who claimed the exemption under this section
23 immediately preceding the foreclosure, and is not used for any
24 business or commercial purpose. A land contract vendor, bank,
25 credit union, or other lending institution may claim an exemption
26 under this subsection by filing a conditional rescission form
27 prescribed by the department of treasury with the local tax

1 collecting unit within the time period prescribed in subsection
2 (2). Property is eligible for a conditional rescission if that
3 property is available for lease and all other conditions under this
4 subsection are met. A copy of a conditional rescission form shall
5 be forwarded to the department of treasury according to a schedule
6 prescribed by the department of treasury. An owner or a land
7 contract vendor, bank, credit union, or other lending institution
8 that files a conditional rescission form shall annually verify to
9 the assessor of the local tax collecting unit on or before December
10 31 that the property for which the principal residence exemption is
11 retained is not occupied other than by the person who claimed the
12 exemption under this section immediately preceding the foreclosure
13 or forfeiture, is for sale, is not leased except as otherwise
14 provided in this section, and is not used for any business or
15 commercial purpose. The land contract vendor, bank, credit union,
16 or other lending institution may retain the exemption authorized
17 under this section for not more than 3 tax years. If an owner or a
18 land contract vendor, bank, credit union, or other lending
19 institution does not annually verify by December 31 that the
20 property for which the principal residence exemption is retained is
21 not occupied other than by the person who claimed the exemption
22 under this section immediately preceding the foreclosure or
23 forfeiture, is for sale, is not leased except as otherwise provided
24 in this section, and is not used for any business or commercial
25 purpose, the assessor of the local tax collecting unit shall deny
26 the principal residence exemption on that property. Except as
27 otherwise provided in this section, if property subject to a

1 conditional rescission is leased, the local tax collecting unit
2 shall deny that conditional rescission and that denial is
3 retroactive and is effective on December 31 of the year immediately
4 preceding the year in which the property subject to the conditional
5 rescission is leased. An owner who fails to file a rescission as
6 required by this subsection is subject to a penalty of \$5.00 per
7 day for each separate failure beginning after the 90 days have
8 elapsed, up to a maximum of \$200.00. This penalty shall be
9 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
10 deposited in the state school aid fund established in section 11 of
11 article IX of the state constitution of 1963. This penalty may be
12 waived by the department of treasury. ~~If a land contract vendor,~~
13 ~~bank, credit union, or other lending institution retains an~~
14 ~~exemption on property under this subsection, that land contract~~
15 ~~vendor, bank, credit union, or other lending institution shall pay~~
16 ~~an amount equal to the additional amount that land contract vendor,~~
17 ~~bank, credit union, or other lending institution would have paid~~
18 ~~under section 1211 of the revised school code, 1976 PA 451, MCL~~
19 ~~380.1211, if an exemption had not been retained on that property,~~
20 ~~together with an administration fee equal to the property tax~~
21 ~~administration fee imposed under section 44. The payment required~~
22 ~~under this subsection shall be collected by the local tax~~
23 ~~collecting unit at the same time and in the same manner as taxes~~
24 ~~collected under this act. The administration fee shall be retained~~
25 ~~by the local tax collecting unit. The amount collected that the~~
26 ~~land contract vendor, bank, credit union, or other lending~~
27 ~~institution would have paid under section 1211 of the revised~~

1 ~~school code, 1976 PA 451, MCL 380.1211, if an exemption had not~~
2 ~~been retained on that property is an amount that is not captured by~~
3 ~~any authority as tax increment revenues and shall be distributed to~~
4 ~~the department of treasury monthly for deposit into the state~~
5 ~~school aid fund established in section 11 of article IX of the~~
6 ~~state constitution of 1963.~~ If a land contract vendor, bank, credit
7 union, or other lending institution transfers ownership of property
8 for which an exemption is retained under this subsection, that land
9 contract vendor, bank, credit union, or other lending institution
10 shall rescind the exemption as provided in this section and shall
11 notify the treasurer of the local tax collecting unit of that
12 transfer of ownership. ~~If a land contract vendor, bank, credit~~
13 ~~union, or other lending institution fails to make the payment~~
14 ~~required under this subsection for any property within the period~~
15 ~~for which property taxes are due and payable without penalty, the~~
16 ~~local tax collecting unit shall deny that conditional rescission~~
17 ~~and that denial is retroactive and is effective on December 31 of~~
18 ~~the immediately preceding year.~~ If the local tax collecting unit
19 denies a conditional rescission, the local tax collecting unit
20 shall remove the exemption of the property and the amount due from
21 the land contract vendor, bank, credit union, or other lending
22 institution shall be a tax so that the additional taxes, penalties,
23 and interest shall be collected as provided for in this section. If
24 payment of the tax under this subsection is not made by the March 1
25 following the levy of the tax, the tax shall be turned over to the
26 county treasurer and collected in the same manner as delinquent
27 taxes under this act. A person who previously occupied property as

1 his or her principal residence but now resides in a nursing home or
2 assisted living facility may retain an exemption on that property
3 if the owner manifests an intent to return to that property by
4 satisfying all of the following conditions:

5 (a) The owner continues to own that property while residing in
6 the nursing home or assisted living facility.

7 (b) The owner has not established a new principal residence.

8 (c) The owner maintains or provides for the maintenance of
9 that property while residing in the nursing home or assisted living
10 facility.

11 (d) That property is not occupied, is not for sale, is not
12 leased, and is not used for any business or commercial purpose.

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

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

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

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

24 (8) The department of treasury shall determine if the property
25 is the principal residence of the owner claiming the exemption. The
26 department of treasury may review the validity of exemptions for
27 the current calendar year and for the 3 immediately preceding

1 calendar years. Except as otherwise provided in subsection (5), if
2 the department of treasury determines that the property is not the
3 principal residence of the owner claiming the exemption, the
4 department shall send a notice of that determination to the local
5 tax collecting unit and to the owner of the property claiming the
6 exemption, indicating that the claim for exemption is denied,
7 stating the reason for the denial, and advising the owner claiming
8 the exemption of the right to appeal the determination to the
9 department of treasury and what those rights of appeal are. The
10 department of treasury may issue a notice denying a claim if an
11 owner fails to respond within 30 days of receipt of a request for
12 information from that department. An owner may appeal the denial of
13 a claim of exemption to the department of treasury within 35 days
14 of receipt of the notice of denial. An appeal to the department of
15 treasury shall be conducted according to the provisions for an
16 informal conference in section 21 of 1941 PA 122, MCL 205.21.
17 Within 10 days after acknowledging an appeal of a denial of a claim
18 of exemption, the department of treasury shall notify the assessor
19 and the treasurer for the county in which the property is located
20 that an appeal has been filed. Upon receipt of a notice that the
21 department of treasury has denied a claim for exemption, the
22 assessor shall remove the exemption of the property and, if the tax
23 roll is in the local tax collecting unit's possession, amend the
24 tax roll to reflect the denial and the local treasurer shall within
25 30 days of the date of the denial issue a corrected tax bill for
26 any additional taxes with interest at the rate of 1.25% per month
27 or fraction of a month and penalties computed from the date the

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

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

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

23 (10) A county may elect to audit the exemptions claimed under
24 this section in all local tax collecting units located in that
25 county as provided in this subsection. The election to audit
26 exemptions shall be made by the county treasurer, or by the county
27 equalization director with the concurrence by resolution of the

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

22 (11) If a county elects to audit the exemptions claimed under
23 this section as provided in subsection (10) and the county
24 treasurer or his or her designee or the county equalization
25 director or his or her designee believes that the property for
26 which an exemption is claimed is not the principal residence of the
27 owner claiming the exemption, the county treasurer or his or her

1 designee or the county equalization director or his or her designee
2 may, except as otherwise provided in subsection (5), deny an
3 existing claim by notifying the owner, the assessor of the local
4 tax collecting unit, and the department of treasury in writing of
5 the reason for the denial and advising the owner that the denial
6 may be appealed to the residential and small claims division of the
7 Michigan tax tribunal within 35 days after the date of the notice.
8 The county treasurer or his or her designee or the county
9 equalization director or his or her designee may deny a claim for
10 exemption for the current year and for the 3 immediately preceding
11 calendar years. If the county treasurer or his or her designee or
12 the county equalization director or his or her designee denies an
13 existing claim for exemption, the county treasurer or his or her
14 designee or the county equalization director or his or her designee
15 shall direct the assessor of the local tax collecting unit in which
16 the property is located to remove the exemption of the property
17 from the assessment roll and, if the tax roll is in the local tax
18 collecting unit's possession, direct the assessor of the local tax
19 collecting unit to amend the tax roll to reflect the denial and the
20 treasurer of the local tax collecting unit shall within 30 days of
21 the date of the denial issue a corrected tax bill for any
22 additional taxes with interest at the rate of 1.25% per month or
23 fraction of a month and penalties computed from the date the taxes
24 were last payable without interest and penalty. If the tax roll is
25 in the county treasurer's possession, the tax roll shall be amended
26 to reflect the denial and the county treasurer shall within 30 days
27 of the date of the denial prepare and submit a supplemental tax

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

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

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

20 (13) An owner may appeal a denial by the assessor of the local
21 tax collecting unit under subsection (6), a final decision of the
22 department of treasury under subsection (8), or a denial by the
23 county treasurer or his or her designee or the county equalization
24 director or his or her designee under subsection (11) to the
25 residential and small claims division of the Michigan tax tribunal
26 within 35 days of that decision. An owner is not required to pay
27 the amount of tax in dispute in order to appeal a denial of a claim

1 of exemption to the department of treasury or to receive a final
2 determination of the residential and small claims division of the
3 Michigan tax tribunal. However, interest at the rate of 1.25% per
4 month or fraction of a month and penalties shall accrue and be
5 computed from the date the taxes were last payable without interest
6 and penalty. If the residential and small claims division of the
7 Michigan tax tribunal grants an owner's appeal of a denial and that
8 owner has paid the interest due as a result of a denial under
9 subsection (6), (8), or (11), the interest received after a
10 distribution was made under subsection (23) shall be refunded.

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

17 (15) Except as otherwise provided in subsection (5), an
18 affidavit filed by an owner for the exemption under this section
19 rescinds all previous exemptions filed by that owner for any other
20 property. The department of treasury shall notify the assessor of
21 the local tax collecting unit in which the property for which a
22 previous exemption was claimed is located if the previous exemption
23 is rescinded by the subsequent affidavit. When an exemption is
24 rescinded, the assessor of the local tax collecting unit shall
25 remove the exemption effective December 31 of the year in which the
26 affidavit was filed that rescinded the exemption. For any year for
27 which the rescinded exemption has not been removed from the tax

1 roll, the exemption shall be denied as provided in this section.
2 However, interest and penalty shall not be imposed for a year for
3 which a rescission form has been timely filed under subsection (5).

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

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

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

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

17 (19) An owner who owned and occupied a principal residence on
18 May 1 for taxes levied before January 1, 2012 for which the
19 exemption was not on the tax roll may file an appeal with the July
20 board of review or December board of review in the year for which
21 the exemption was claimed or the immediately succeeding 3 years.
22 For taxes levied after December 31, 2011, an owner who owned and
23 occupied a principal residence on June 1 or November 1 for which
24 the exemption was not on the tax roll may file an appeal with the
25 July board of review or December board of review in the year for
26 which the exemption was claimed or the immediately succeeding 3
27 years. If an appeal of a claim for exemption that was not on the

1 tax roll is received not later than 5 days prior to the date of the
2 December board of review, the local tax collecting unit shall
3 convene a December board of review and consider the appeal pursuant
4 to this section and section 53b. For the 2008 tax year only, an
5 owner of property eligible for a conditional rescission under
6 subsection (5) who did not file a conditional rescission form
7 prescribed by the department of treasury with the local tax
8 collecting unit on or before May 1, 2008 may file an appeal with
9 the 2008 July board of review or 2008 December board of review to
10 claim a conditional rescission for the 2008 tax year. For the 2008
11 and 2009 tax years only, an owner of property classified as timber-
12 cutover real property adjoining or contiguous to that owner's
13 principal residence who did not claim an exemption for the property
14 classified as timber-cutover real property under this section
15 before May 1, 2009 or whose claim for exemption under this section
16 for that property classified as timber-cutover real property was
17 denied before May 1, 2009 may file an appeal with the 2009 December
18 board of review or the 2010 July board of review to claim an
19 exemption under this section for that property classified as
20 timber-cutover real property for the 2008 and 2009 tax years.

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

1 the claim for exemption was erroneously denied, the department of
2 treasury shall grant the exemption and the tax roll shall be
3 amended to reflect the exemption.

4 (21) If granting the exemption under this section results in
5 an overpayment of the tax, a rebate, including any interest paid,
6 shall be made to the taxpayer by the local tax collecting unit if
7 the local tax collecting unit has possession of the tax roll or by
8 the county treasurer if the county has possession of the tax roll
9 within 30 days of the date the exemption is granted. The rebate
10 shall be without interest. If an exemption for property classified
11 as timber-cutover real property is granted under this section for
12 the 2008 or 2009 tax year, the tax roll shall be corrected and any
13 delinquent and unpaid penalty, interest, and tax resulting from
14 that property not having been exempt under this section for the
15 2008 or 2009 tax year shall be waived.

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

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

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

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

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

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

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

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

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

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

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

2 (c) If the county treasurer or his or her designee or the
3 county equalization director or his or her designee denies the
4 exemption under this section, as follows:

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

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

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

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

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

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

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

4 (26) A cooperative housing corporation is entitled to a full
5 or partial exemption under this section for the tax year in which
6 the cooperative housing corporation files all of the following with
7 the local tax collecting unit in which the cooperative housing
8 corporation is located if filed within the time period prescribed
9 in subsection (2):

10 (a) An affidavit form.

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

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

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

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

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

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

9 (a) Add all of the following:

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

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

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

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

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

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

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

1 property open and available as a bed and breakfast shall file an
2 affidavit claiming the exemption within the time period prescribed
3 in subsection (2) with the local tax collecting unit in which the
4 property is located. The affidavit shall be in a form prescribed by
5 the department of treasury.

6 (30) As used in this section:

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

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

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

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

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