

SENATE BILL No. 78

January 31, 2017, Introduced by Senators NOFS, HILDENBRAND, MACGREGOR, HANSEN, JONES, GREEN, HORN, PROOS and COLBECK and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2016 PA 144.

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 (28) 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21 rescinded or a substantially similar exemption, deduction, or
22 credit on property in another state that is not rescinded.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 married
5 couple 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
5 for 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 subsections (5) and (32), is no longer a
18 principal residence as defined in section 7dd. The local tax
19 collecting unit shall forward copies of affidavits to the
20 department of treasury according to a schedule prescribed by the
21 department of treasury.

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

1 that owner's current principal residence, that owner may retain an
2 exemption for not more than 3 tax years on property previously
3 exempt as his or her principal residence if that property is not
4 occupied, is for sale, is not leased, and is not used for any
5 business or commercial purpose by filing a conditional rescission
6 form prescribed by the department of treasury with the local tax
7 collecting unit within the time period prescribed in subsection
8 (2). **BEGINNING DECEMBER 31, 2017, IF AN OWNER IS RELATED TO A**
9 **DECEDENT BY BLOOD OR AFFINITY TO THE FIRST DEGREE, THAT OWNER MAY**
10 **RETAIN AN EXEMPTION FOR NOT MORE THAN 2 TAX YEARS ON PROPERTY THAT**
11 **DECEDENT CONVEYED TO THAT OWNER BY WILL OR INTESTATE SUCCESSION IF**
12 **THAT PROPERTY WAS EXEMPT AS THAT DECEDENT'S PRINCIPAL RESIDENCE IN**
13 **THE IMMEDIATELY PRECEDING TAX YEAR AND IF THAT PROPERTY IS NOT**
14 **OCCUPIED, IS FOR SALE, IS NOT LEASED, AND IS NOT USED FOR ANY**
15 **BUSINESS OR COMMERCIAL PURPOSE BY FILING A CONDITIONAL RESCISSION**
16 **FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY WITH THE LOCAL TAX**
17 **COLLECTING UNIT WITHIN THE TIME PERIOD PRESCRIBED IN SUBSECTION (2)**
18 **AND BY FILING A PROPERTY TRANSFER AFFIDAVIT PURSUANT TO SECTION**
19 **27A(10). THE EXEMPTION FOR PROPERTY CONVEYED TO AN OWNER BY WILL OR**
20 **INTESTATE SUCCESSION UNDER THE PRECEDING SENTENCE IS IN ADDITION TO**
21 **AN EXEMPTION UNDER THIS SECTION FOR PROPERTY FOR WHICH THAT OWNER**
22 **IS ELIGIBLE FOR AND CLAIMS AN EXEMPTION AS THAT OWNER'S PRINCIPAL**
23 **RESIDENCE.** Beginning in the 2012 tax year, subject to the payment
24 requirement set forth in this subsection, if a land contract
25 vendor, bank, credit union, or other lending institution owns
26 property as a result of a foreclosure or forfeiture of a recorded
27 instrument under chapter 31, 32, or 57 of the revised judicature

1 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701
2 to 600.5759, or through deed or conveyance in lieu of a foreclosure
3 or forfeiture on that property and that property had been exempt
4 under this section immediately preceding the foreclosure, that land
5 contract vendor, bank, credit union, or other lending institution
6 may retain an exemption on that property at the same percentage of
7 exemption that the property previously had under this section if
8 that property is not occupied other than by the person who claimed
9 the exemption under this section immediately preceding the
10 foreclosure or forfeiture, is for sale, is not leased to any person
11 other than the person who claimed the exemption under this section
12 immediately preceding the foreclosure, and is not used for any
13 business or commercial purpose. A land contract vendor, bank,
14 credit union, or other lending institution may claim an exemption
15 under this subsection by filing a conditional rescission form
16 prescribed by the department of treasury with the local tax
17 collecting unit within the time period prescribed in subsection
18 (2). Property is eligible for a conditional rescission if that
19 property is available for lease and all other conditions under this
20 subsection are met. A copy of a conditional rescission form shall
21 be forwarded to the department of treasury according to a schedule
22 prescribed by the department of treasury. An owner or a land
23 contract vendor, bank, credit union, or other lending institution
24 that files a conditional rescission form shall annually verify to
25 the assessor of the local tax collecting unit on or before December
26 31 that the property for which the principal residence exemption is
27 retained is not occupied other than by the person who claimed the

1 exemption under this section immediately preceding the foreclosure
2 or forfeiture, is for sale, is not leased except as otherwise
3 provided in this section, and is not used for any business or
4 commercial purpose. The land contract vendor, bank, credit union,
5 or other lending institution may retain the exemption authorized
6 under this section for not more than 3 tax years. If an owner or a
7 land contract vendor, bank, credit union, or other lending
8 institution does not annually verify by December 31 that the
9 property for which the principal residence exemption is retained is
10 not occupied other than by the person who claimed the exemption
11 under this section immediately preceding the foreclosure or
12 forfeiture, is for sale, is not leased except as otherwise provided
13 in this section, and is not used for any business or commercial
14 purpose, the assessor of the local tax collecting unit shall deny
15 the principal residence exemption on that property. Except as
16 otherwise provided in this section, if property subject to a
17 conditional rescission is leased, the local tax collecting unit
18 shall deny that conditional rescission and that denial is
19 retroactive and is effective on December 31 of the year immediately
20 preceding the year in which the property subject to the conditional
21 rescission is leased. An owner who fails to file a rescission as
22 required by this subsection is subject to a penalty of \$5.00 per
23 day for each separate failure beginning after the 90 days have
24 elapsed, up to a maximum of \$200.00. This penalty shall be
25 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
26 deposited in the state school aid fund established in section 11 of
27 article IX of the state constitution of 1963. This penalty may be

1 waived by the department of treasury. If a land contract vendor,
2 bank, credit union, or other lending institution retains an
3 exemption on property under this subsection, that land contract
4 vendor, bank, credit union, or other lending institution shall pay
5 an amount equal to the additional amount that land contract vendor,
6 bank, credit union, or other lending institution would have paid
7 under section 1211 of the revised school code, 1976 PA 451, MCL
8 380.1211, if an exemption had not been retained on that property,
9 together with an administration fee equal to the property tax
10 administration fee imposed under section 44. The payment required
11 under this subsection shall be collected by the local tax
12 collecting unit at the same time and in the same manner as taxes
13 collected under this act. The administration fee shall be retained
14 by the local tax collecting unit. The amount collected that the
15 land contract vendor, bank, credit union, or other lending
16 institution would have paid under section 1211 of the revised
17 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
18 been retained on that property is an amount that is not captured by
19 any authority as tax increment revenues and shall be distributed to
20 the department of treasury monthly for deposit into the state
21 school aid fund established in section 11 of article IX of the
22 state constitution of 1963. If a land contract vendor, bank, credit
23 union, or other lending institution transfers ownership of property
24 for which an exemption is retained under this subsection, that land
25 contract vendor, bank, credit union, or other lending institution
26 shall rescind the exemption as provided in this section and shall
27 notify the treasurer of the local tax collecting unit of that

1 transfer of ownership. If a land contract vendor, bank, credit
2 union, or other lending institution fails to make the payment
3 required under this subsection for any property within the period
4 for which property taxes are due and payable without penalty, the
5 local tax collecting unit shall deny that conditional rescission
6 and that denial is retroactive and is effective on December 31 of
7 the immediately preceding year. If the local tax collecting unit
8 denies a conditional rescission, the local tax collecting unit
9 shall remove the exemption of the property and the amount due from
10 the land contract vendor, bank, credit union, or other lending
11 institution shall be a tax so that the additional taxes, penalties,
12 and interest shall be collected as provided for in this section. If
13 payment of the tax under this subsection is not made by the March 1
14 following the levy of the tax, the tax shall be turned over to the
15 county treasurer and collected in the same manner as delinquent
16 taxes under this act. An owner of property who previously occupied
17 that property as his or her principal residence but now resides in
18 a nursing home or assisted living facility may retain an exemption
19 on that property if the owner manifests an intent to return to that
20 property by satisfying all of the following conditions:

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

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

24 (c) The owner maintains or provides for the maintenance of
25 that property while residing in the nursing home or assisted living
26 facility.

27 (d) That property is not occupied, is not leased, and is not

1 used for any business or commercial purpose.

2 (6) Except as otherwise provided in subsections (5) and (32),
3 if the assessor of the local tax collecting unit believes that the
4 property for which an exemption is claimed is not the principal
5 residence of the owner claiming the exemption, the assessor may
6 deny a new or existing claim by notifying the owner and the
7 department of treasury in writing of the reason for the denial and
8 advising the owner that the denial may be appealed to the
9 residential and small claims division of the Michigan tax tribunal
10 within 35 days after the date of the notice. The assessor may deny
11 a claim for exemption for the current year and for the 3
12 immediately preceding calendar years. If the assessor denies an
13 existing claim for exemption, the assessor shall remove the
14 exemption of the property and, if the tax roll is in the local tax
15 collecting unit's possession, amend the tax roll to reflect the
16 denial and the local treasurer shall within 30 days of the date of
17 the denial issue a corrected tax bill for any additional taxes with
18 interest at the rate of 1.25% per month or fraction of a month and
19 penalties computed from the date the taxes were last payable
20 without interest or penalty. If the tax roll is in the county
21 treasurer's possession, the tax roll shall be amended to reflect
22 the denial and the county treasurer shall within 30 days of the
23 date of the denial prepare and submit a supplemental tax bill for
24 any additional taxes, together with interest at the rate of 1.25%
25 per month or fraction of a month and penalties computed from the
26 date the taxes were last payable without interest or penalty.
27 Interest on any tax set forth in a corrected or supplemental tax

1 bill shall again begin to accrue 60 days after the date the
2 corrected or supplemental tax bill is issued at the rate of 1.25%
3 per month or fraction of a month. Taxes levied in a corrected or
4 supplemental tax bill shall be returned as delinquent on the March
5 1 in the year immediately succeeding the year in which the
6 corrected or supplemental tax bill is issued. If the assessor
7 denies an existing claim for exemption, the interest due shall be
8 distributed as provided in subsection (25). However, if the
9 property has been transferred to a bona fide purchaser before
10 additional taxes were billed to the seller as a result of the
11 denial of a claim for exemption, the taxes, interest, and penalties
12 shall not be a lien on the property and shall not be billed to the
13 bona fide purchaser, and the local tax collecting unit if the local
14 tax collecting unit has possession of the tax roll or the county
15 treasurer if the county has possession of the tax roll shall notify
16 the department of treasury of the amount of tax due, interest, and
17 penalties through the date of that notification. The department of
18 treasury shall then assess the owner who claimed the exemption
19 under this section for the tax, interest, and penalties accruing as
20 a result of the denial of the claim for exemption, if any, as for
21 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
22 shall deposit any tax or penalty collected into the state school
23 aid fund and shall distribute any interest collected as provided in
24 subsection (25). The denial shall be made on a form prescribed by
25 the department of treasury. If the property for which the assessor
26 has denied a claim for exemption under this subsection is located
27 in a county in which the county treasurer or the county

1 equalization director have elected to audit exemptions under
2 subsection (10), the assessor shall notify the county treasurer or
3 the county equalization director of the denial under this
4 subsection.

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

13 (8) The department of treasury shall determine if the property
14 is the principal residence of the owner claiming the exemption.
15 Except as otherwise provided in subsection (21), the department of
16 treasury may review the validity of exemptions for the current
17 calendar year and for the 3 immediately preceding calendar years.
18 Except as otherwise provided in subsections (5) and (32), if the
19 department of treasury determines that the property is not the
20 principal residence of the owner claiming the exemption, the
21 department shall send a notice of that determination to the local
22 tax collecting unit and to the owner of the property claiming the
23 exemption, indicating that the claim for exemption is denied,
24 stating the reason for the denial, and advising the owner claiming
25 the exemption of the right to appeal the determination to the
26 department of treasury and what those rights of appeal are. The
27 department of treasury may issue a notice denying a claim if an

1 owner fails to respond within 30 days of receipt of a request for
2 information from that department. An owner may appeal the denial of
3 a claim of exemption to the department of treasury within 35 days
4 of receipt of the notice of denial. An appeal to the department of
5 treasury shall be conducted according to the provisions for an
6 informal conference in section 21 of 1941 PA 122, MCL 205.21.
7 Within 10 days after acknowledging an appeal of a denial of a claim
8 of exemption, the department of treasury shall notify the assessor
9 and the treasurer for the county in which the property is located
10 that an appeal has been filed. Upon receipt of a notice that the
11 department of treasury has denied a claim for exemption, the
12 assessor shall remove the exemption of the property and, if the tax
13 roll is in the local tax collecting unit's possession, amend the
14 tax roll to reflect the denial and the local treasurer shall within
15 30 days of the date of the denial issue a corrected tax bill for
16 any additional taxes with interest at the rate of 1.25% per month
17 or fraction of a month and penalties computed from the date the
18 taxes were last payable without interest and penalty. If the tax
19 roll is in the county treasurer's possession, the tax roll shall be
20 amended to reflect the denial and the county treasurer shall within
21 30 days of the date of the denial prepare and submit a supplemental
22 tax bill for any additional taxes, together with interest at the
23 rate of 1.25% per month or fraction of a month and penalties
24 computed from the date the taxes were last payable without interest
25 or penalty. Interest on any tax set forth in a corrected or
26 supplemental tax bill shall again begin to accrue 60 days after the
27 date the corrected or supplemental tax bill is issued at the rate

1 of 1.25% per month or fraction of a month. The department of
2 treasury may waive interest on any tax set forth in a corrected or
3 supplemental tax bill for the current tax year and the immediately
4 preceding 3 tax years if the assessor of the local tax collecting
5 unit files with the department of treasury a sworn affidavit in a
6 form prescribed by the department of treasury stating that the tax
7 set forth in the corrected or supplemental tax bill is a result of
8 the assessor's classification error or other error or the
9 assessor's failure to rescind the exemption after the owner
10 requested in writing that the exemption be rescinded. Taxes levied
11 in a corrected or supplemental tax bill shall be returned as
12 delinquent on the March 1 in the year immediately succeeding the
13 year in which the corrected or supplemental tax bill is issued. If
14 the department of treasury denies an existing claim for exemption,
15 the interest due shall be distributed as provided in subsection
16 (25). However, if the property has been transferred to a bona fide
17 purchaser before additional taxes were billed to the seller as a
18 result of the denial of a claim for exemption, the taxes, interest,
19 and penalties shall not be a lien on the property and shall not be
20 billed to the bona fide purchaser, and the local tax collecting
21 unit if the local tax collecting unit has possession of the tax
22 roll or the county treasurer if the county has possession of the
23 tax roll shall notify the department of treasury of the amount of
24 tax due and interest through the date of that notification. The
25 department of treasury shall then assess the owner who claimed the
26 exemption under this section for the tax and interest plus penalty
27 accruing as a result of the denial of the claim for exemption, if

1 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
2 205.31, and shall deposit any tax or penalty collected into the
3 state school aid fund and shall distribute any interest collected
4 as provided in subsection (25).

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

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

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

12 (11) If a county elects to audit the exemptions claimed under
13 this section as provided in subsection (10) and the county
14 treasurer or his or her designee or the county equalization
15 director or his or her designee believes that the property for
16 which an exemption is claimed is not the principal residence of the
17 owner claiming the exemption, the county treasurer or his or her
18 designee or the county equalization director or his or her designee
19 may, except as otherwise provided in subsections (5) and (32), deny
20 an existing claim by notifying the owner, the assessor of the local
21 tax collecting unit, and the department of treasury in writing of
22 the reason for the denial and advising the owner that the denial
23 may be appealed to the residential and small claims division of the
24 Michigan tax tribunal within 35 days after the date of the notice.
25 The county treasurer or his or her designee or the county
26 equalization director or his or her designee may deny a claim for
27 exemption for the current year and for the 3 immediately preceding

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

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

1 receiving the list.

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

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

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

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

21 (16) Except as otherwise provided in subsection (30), if the
22 principal residence is part of a unit in a multiple-unit dwelling
23 or a dwelling unit in a multiple-purpose structure, an owner shall
24 claim an exemption for only that portion of the total taxable value
25 of the property used as the principal residence of that owner in a
26 manner prescribed by the department of treasury. If a portion of a
27 parcel for which the owner claims an exemption is used for a

1 purpose other than as a principal residence, the owner shall claim
2 an exemption for only that portion of the taxable value of the
3 property used as the principal residence of that owner in a manner
4 prescribed by the department of treasury.

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

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

1 correct the tax roll to reflect the exemption. This subsection does
2 not create a cause of action at law or in equity against a closing
3 statement preparer who fails to provide exemption affidavit and
4 rescission forms to a buyer and seller or who fails to file the
5 affidavit and rescission forms with the local tax collecting unit
6 when requested to do so by the buyer or seller.

7 (19) An owner who owned and occupied a principal residence on
8 May 1 for taxes levied before January 1, 2012 for which the
9 exemption was not on the tax roll may file an appeal with the July
10 board of review or December board of review in the year for which
11 the exemption was claimed or the immediately succeeding 3 years.
12 For taxes levied after December 31, 2011, an owner who owned and
13 occupied a principal residence on June 1 or November 1 for which
14 the exemption was not on the tax roll, or an owner of property who
15 previously occupied that property as his or her principal residence
16 but did not occupy that property on June 1 or November 1 while
17 residing in a nursing home or assisted living facility under the
18 circumstances described in subsection (5)(a) to (d) or while absent
19 on active duty as a member of any branch of the armed forces of the
20 United States, including the Coast Guard, a reserve component of
21 any branch of the armed forces of the United States, or the
22 National Guard, under the circumstances described in subsection
23 (32)(a) to (d), for which the exemption was not on the tax roll,
24 may file an appeal with the July board of review or December board
25 of review in the year for which the exemption was claimed or the
26 immediately succeeding 3 years. If an appeal of a claim for
27 exemption that was not on the tax roll is received not later than 5

1 days before the date of the December board of review, the local tax
2 collecting unit shall convene a December board of review and
3 consider the appeal pursuant to this section and section 53b.

4 (20) An owner who owned and occupied a principal residence
5 within the time period prescribed in subsection (2) in any year
6 before the 3 immediately preceding tax years for which the
7 exemption was not on the tax roll as a result of a qualified error
8 on the part of the local tax collecting unit may file a request for
9 the exemption for those tax years with the department of treasury.
10 The request for the exemption shall be in a form prescribed by the
11 department of treasury and shall include all documentation the
12 department of treasury considers necessary to consider the request
13 and to correct any affected official records if a qualified error
14 on the part of the local tax collecting unit is recognized and an
15 exemption is granted. If the department of treasury denies a
16 request for the exemption under this subsection, the owner is
17 responsible for all costs related to the request as determined by
18 the department of treasury. If the department of treasury grants a
19 request for the exemption under this subsection and the exemption
20 results in an overpayment of the tax in the years under
21 consideration, the department of treasury shall notify the
22 treasurer of the local tax collecting unit, the county treasurer,
23 and other affected officials of the error and the granting of the
24 request for the exemption and all affected official records shall
25 be corrected consistent with guidance provided by the department of
26 treasury. If granting the request for the exemption results in an
27 overpayment, a rebate, including any interest paid by the owner,

1 shall be paid to the owner within 30 days of the receipt of the
2 notice. A rebate shall be without interest. The treasurer in
3 possession of the appropriate tax roll may deduct the rebate from
4 the appropriate tax collecting unit's subsequent distribution of
5 taxes. The treasurer in possession of the appropriate tax roll
6 shall bill to the appropriate tax collecting unit the tax
7 collecting unit's share of taxes rebated. A local tax collecting
8 unit responsible for a qualified error under this subsection shall
9 reimburse each county treasurer and other affected local official
10 required to correct official records under this subsection for the
11 costs incurred in complying with this subsection.

12 (21) If an owner of property received a principal residence
13 exemption to which that owner was not entitled in any year before
14 the 3 immediately preceding tax years, as a result of a qualified
15 error on the part of the local tax collecting unit, the department
16 of treasury may deny the principal residence exemption as provided
17 in subsection (8). If the department of treasury denies an
18 exemption under this subsection, the owner shall be issued a
19 corrected or supplemental tax bill as provided in subsection (8),
20 except interest shall not accrue until 60 days after the date the
21 corrected or supplemental tax bill is issued. A local tax
22 collecting unit responsible for a qualified error under this
23 subsection shall reimburse each county treasurer and other affected
24 local official required to correct official records under this
25 subsection for the costs incurred in complying with this
26 subsection.

27 (22) If the assessor or treasurer of the local tax collecting

1 unit believes that the department of treasury erroneously denied a
2 claim for exemption, the assessor or treasurer may submit written
3 information supporting the owner's claim for exemption to the
4 department of treasury within 35 days of the owner's receipt of the
5 notice denying the claim for exemption. If, after reviewing the
6 information provided, the department of treasury determines that
7 the claim for exemption was erroneously denied, the department of
8 treasury shall grant the exemption and the tax roll shall be
9 amended to reflect the exemption.

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

22 (24) If an exemption under this section is erroneously granted
23 for an affidavit filed before October 1, 2003, an owner may request
24 in writing that the department of treasury withdraw the exemption.
25 The request to withdraw the exemption shall be received not later
26 than November 1, 2003. If an owner requests that an exemption be
27 withdrawn, the department of treasury shall issue an order

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

22 (25) Subject to subsection (26), interest at the rate of 1.25%
23 per month or fraction of a month collected under subsection (6),
24 (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

8 (c) If the county treasurer or his or her designee or the
9 county equalization director or his or her designee denies the
10 exemption under this section, as follows:

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

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

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

14 (26) Interest distributed under subsection (25) is subject to
15 the following conditions:

16 (a) Interest distributed to a county shall be deposited into a
17 restricted fund to be used solely for the administration of
18 exemptions under this section. Money in that restricted fund shall
19 lapse to the county general fund on the December 31 in the year 3
20 years after the first distribution of interest to the county under
21 subsection (25) and on each succeeding December 31 thereafter.

22 (b) Interest distributed to the department of treasury shall
23 be deposited into the principal residence property tax exemption
24 audit fund, which is created within the state treasury. The state
25 treasurer may receive money or other assets from any source for
26 deposit into the fund. The state treasurer shall direct the
27 investment of the fund. The state treasurer shall credit to the

1 fund interest and earnings from fund investments. Money in the fund
2 shall be considered a work project account and at the close of the
3 fiscal year shall remain in the fund and shall not lapse to the
4 general fund. Money from the fund shall be expended, upon
5 appropriation, only for the purpose of auditing exemption
6 affidavits.

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

10 (28) A cooperative housing corporation is entitled to a full
11 or partial exemption under this section for the tax year in which
12 the cooperative housing corporation files all of the following with
13 the local tax collecting unit in which the cooperative housing
14 corporation is located if filed within the time period prescribed
15 in subsection (2):

16 (a) An affidavit form.

17 (b) A statement of the total number of units owned by the
18 cooperative housing corporation and occupied as the principal
19 residence of a tenant stockholder as of the date of the filing
20 under this subsection.

21 (c) A list that includes the name, address, and social
22 security number of each tenant stockholder of the cooperative
23 housing corporation occupying a unit in the cooperative housing
24 corporation as his or her principal residence as of the date of the
25 filing under this subsection.

26 (d) A statement of the total number of units of the
27 cooperative housing corporation on which an exemption under this

1 section was claimed and that were transferred in the tax year
2 immediately preceding the tax year in which the filing under this
3 section was made.

4 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
5 of each county shall forward to the department of education a
6 statement of the taxable value of each school district and fraction
7 of a school district within the county for the preceding 4 calendar
8 years. This requirement is in addition to the requirement set forth
9 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
10 388.1751.

11 (30) For a parcel of property open and available for use as a
12 bed and breakfast, the portion of the taxable value of the property
13 used as a principal residence under subsection (16) shall be
14 calculated in the following manner:

15 (a) Add all of the following:

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

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

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

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

26 (B) Multiply the result of the calculation in sub-subparagraph

27 (A) by a fraction, the numerator of which is the number of

1 consecutive days in the immediately preceding 12-month period that
2 the property was not open and available for use as a bed and
3 breakfast and the denominator of which is 365.

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

6 (31) The owner claiming an exemption under this section for
7 property open and available as a bed and breakfast shall file an
8 affidavit claiming the exemption within the time period prescribed
9 in subsection (2) with the local tax collecting unit in which the
10 property is located. The affidavit shall be in a form prescribed by
11 the department of treasury.

12 (32) An owner of property who previously occupied that
13 property as his or her principal residence but now is absent while
14 on active duty as a member of any branch of the armed forces of the
15 United States, including the Coast Guard, a reserve component of
16 any branch of the armed forces of the United States, or the
17 National Guard, may retain an exemption on that property if the
18 owner manifests an intent to return to that property by satisfying
19 all of the following conditions:

20 (a) The owner continues to own that property while absent on
21 active duty as a member of any branch of the armed forces of the
22 United States, including the Coast Guard, a reserve component of
23 any branch of the armed forces of the United States, or the
24 National Guard.

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

26 (c) The owner maintains or provides for the maintenance of
27 that property while absent on active duty as a member of any branch

1 of the armed forces of the United States, including the Coast
2 Guard, a reserve component of any branch of the armed forces of the
3 United States, or the National Guard.

4 (d) That property is not used for any business or commercial
5 purpose except as provided in section 7dd(c).

6 (33) 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.

23 (c) "Qualified error" means that term as defined in section
24 53b.

25 Enacting section 1. This amendatory act takes effect 90 days
26 after the date it is enacted into law.