

HOUSE BILL No. 4406

March 12, 2013, Introduced by Reps. Dillon, Ananich, Lamonte, Switalski and Yanez 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 324.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes to
3 the extent provided under section 1211 of the revised school code,
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
5 claims an exemption as provided in this section. Notwithstanding
6 the tax day provided in section 2, the status of property as a
7 principal residence shall be determined on the date an affidavit
8 claiming an exemption is filed under subsection (2).

9 (2) Except as otherwise provided in subsection (5), an owner
10 of property may claim 1 exemption under this section by filing an

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19 rescinded or a substantially similar exemption, deduction, or
20 credit on property in another state that is not rescinded.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

1 this section.

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

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

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

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

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

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

1 the following conditions is satisfied:

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

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

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

19 (5) Except as otherwise provided in this subsection, not more
20 than 90 days after exempted property is no longer used as a
21 principal residence by the owner claiming an exemption, that owner
22 shall rescind the claim of exemption by filing with the local tax
23 collecting unit a rescission form prescribed by the department of
24 treasury. If an owner is eligible for and claims an exemption for
25 that owner's current principal residence, that owner may retain an
26 exemption for not more than 3 tax years on property previously
27 exempt as his or her principal residence if that property is not

1 occupied, is for sale, is not leased, and is not used for any
2 business or commercial purpose by filing a conditional rescission
3 form prescribed by the department of treasury on or before May 1
4 with the local tax collecting unit. Beginning in the 2012 tax year,
5 subject to the payment requirement set forth in this subsection, if
6 a land contract vendor, bank, credit union, or other lending
7 institution owns property as a result of having foreclosed on that
8 property and that property had been exempt under this section
9 immediately preceding the foreclosure, that land contract vendor,
10 bank, credit union, or other lending institution may retain an
11 exemption on that property under this section if that property is
12 not occupied, is for sale, is not leased to any person other than
13 the person who claimed the exemption under this section immediately
14 preceding the foreclosure, and is not used for any business or
15 commercial purpose. A land contract vendor, bank, credit union, or
16 other lending institution may claim an exemption under this
17 subsection by filing a conditional rescission form prescribed by
18 the department of treasury with the local tax collecting unit
19 within the time period prescribed in subsection (2). Property is
20 eligible for a conditional rescission if that property is available
21 for lease and all other conditions under this subsection are met. A
22 copy of a conditional rescission form shall be forwarded to the
23 department of treasury according to a schedule prescribed by the
24 department of treasury. An owner or a land contract vendor, bank,
25 credit union, or other lending institution that files a conditional
26 rescission form shall annually verify to the assessor of the local
27 tax collecting unit on or before December 31 that the property for

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

1 credit union, or other lending institution would have paid under
2 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211,
3 if an exemption had not been retained on that property, together
4 with an administration fee equal to the property tax administration
5 fee imposed under section 44. The payment required under this
6 subsection shall be collected by the local tax collecting unit at
7 the same time and in the same manner as taxes collected under this
8 act. The administration fee shall be retained by the local tax
9 collecting unit. The amount collected that the land contract
10 vendor, bank, credit union, or other lending institution would have
11 paid under section 1211 of the revised school code, 1976 PA 451,
12 MCL 380.1211, if an exemption had not been retained on that
13 property shall be distributed to the department of treasury for
14 deposit into the state school aid fund established in section 11 of
15 article IX of the state constitution of 1963. If a land contract
16 vendor, bank, credit union, or other lending institution transfers
17 ownership of property for which an exemption is retained under this
18 subsection, that land contract vendor, bank, credit union, or other
19 lending institution shall rescind the exemption as provided in this
20 section and shall notify the treasurer of the local tax collecting
21 unit of that transfer of ownership. If a land contract vendor,
22 bank, credit union, or other lending institution fails to make the
23 payment required under this subsection for any property, the local
24 tax collecting unit shall deny that conditional rescission and that
25 denial is retroactive and is effective on December 31 of the
26 immediately preceding year. If the local tax collecting unit denies
27 a conditional rescission, the local tax collecting unit shall

1 remove the exemption of the property and any additional taxes,
2 penalties, and interest shall be collected as provided in this
3 section. A person who previously occupied a property as his or her
4 principal residence but now resides in a nursing home or assisted
5 living facility may retain an exemption on ~~the~~ **THAT** property if the
6 owner manifests an intent to return to ~~the~~ **THAT** property by
7 satisfying all of the following conditions:

8 (a) The owner continues to own ~~the~~ **THAT** property while
9 residing in the nursing home or assisted living facility.

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

11 (c) The owner maintains or provides for the maintenance of ~~the~~
12 **THAT** property while residing in the nursing home or assisted living
13 facility.

14 (d) ~~The~~ **THAT** property is not occupied, is not for sale, is not
15 leased, and is not used for any business or commercial purpose.

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

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

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

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

27 (8) The department of treasury shall determine if the property

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

1 30 days of the date of the denial issue a corrected tax bill for
2 any additional taxes with interest at the rate of 1.25% per month
3 or fraction of a month and penalties computed from the date the
4 taxes were last payable without interest and penalty. **HOWEVER,**
5 **INTEREST SHALL NOT BE CALCULATED FOR THE PERIOD BEGINNING WHEN AN**
6 **APPEAL OF A DENIAL OF A CLAIM OF EXEMPTION IS FILED WITH THE**
7 **DEPARTMENT OF TREASURY AND ENDING WHEN THE DEPARTMENT OF TREASURY**
8 **MAKES A DETERMINATION ON THAT APPEAL.** If the tax roll is in the
9 county treasurer's possession, the tax roll shall be amended to
10 reflect the denial and the county treasurer shall within 30 days of
11 the date of the denial prepare and submit a supplemental tax bill
12 for any additional taxes, together with interest at the rate of
13 1.25% per month or fraction of a month and penalties computed from
14 the date the taxes were last payable without interest or penalty.
15 Interest on any tax set forth in a corrected or supplemental tax
16 bill shall again begin to accrue 60 days after the date the
17 corrected or supplemental tax bill is issued at the rate of 1.25%
18 per month or fraction of a month. The department of treasury may
19 waive interest on any tax set forth in a corrected or supplemental
20 tax bill for the current tax year and the immediately preceding 3
21 tax years if the assessor of the local tax collecting unit files
22 with the department of treasury a sworn affidavit in a form
23 prescribed by the department of treasury stating that the tax set
24 forth in the corrected or supplemental tax bill is a result of the
25 assessor's classification error or other error or the assessor's
26 failure to rescind the exemption after the owner requested in
27 writing that the exemption be rescinded. Taxes levied in a

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

22 (9) The department of treasury may enter into an agreement
23 regarding the implementation or administration of subsection (8)
24 with the assessor of any local tax collecting unit in a county that
25 has not elected to audit exemptions claimed under this section as
26 provided in subsection (10). The agreement may specify that for a
27 period of time, not to exceed 120 days, the department of treasury

1 will not deny an exemption identified by the department of treasury
2 in the list provided under subsection (11).

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

1 assessor for that local tax collecting unit under subsection (9).

2 (11) If a county elects to audit the exemptions claimed under
3 this section as provided in subsection (10) and the county
4 treasurer or his or her designee or the county equalization
5 director or his or her designee believes that the property for
6 which an exemption is claimed is not the principal residence of the
7 owner claiming the exemption, the county treasurer or his or her
8 designee or the county equalization director or his or her designee
9 may, except as otherwise provided in subsection (5), deny an
10 existing claim by notifying the owner, the assessor of the local
11 tax collecting unit, and the department of treasury in writing of
12 the reason for the denial and advising the owner that the denial
13 may be appealed to the residential and small claims division of the
14 Michigan tax tribunal within 35 days after the date of the notice.
15 The county treasurer or his or her designee or the county
16 equalization director or his or her designee may deny a claim for
17 exemption for the current year and for the 3 immediately preceding
18 calendar years. If the county treasurer or his or her designee or
19 the county equalization director or his or her designee denies an
20 existing claim for exemption, the county treasurer or his or her
21 designee or the county equalization director or his or her designee
22 shall direct the assessor of the local tax collecting unit in which
23 the property is located to remove the exemption of the property
24 from the assessment roll and, if the tax roll is in the local tax
25 collecting unit's possession, direct the assessor of the local tax
26 collecting unit to amend the tax roll to reflect the denial and the
27 treasurer of the local tax collecting unit shall within 30 days of

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

1 possession of the tax roll shall notify the department of treasury
2 of the amount of tax due and interest through the date of that
3 notification. The department of treasury shall then assess the
4 owner who claimed the exemption under this section for the tax and
5 interest plus penalty accruing as a result of the denial of the
6 claim for exemption, if any, as for unpaid taxes provided under
7 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
8 penalty collected into the state school aid fund and shall
9 distribute any interest collected as provided in subsection (23).
10 The department of treasury shall annually provide the county
11 treasurer or his or her designee or the county equalization
12 director or his or her designee a list of parcels of property
13 located in that county for which an exemption may be erroneously
14 claimed. The county treasurer or his or her designee or the county
15 equalization director or his or her designee shall forward copies
16 of the list provided by the department of treasury to each assessor
17 in each local tax collecting unit in that county within 10 days of
18 receiving the list.

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

27 (13) An owner may appeal a denial by the assessor of the local

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

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

24 (15) Except as otherwise provided in subsection (5), an
25 affidavit filed by an owner for the exemption under this section
26 rescinds all previous exemptions filed by that owner for any other
27 property. The department of treasury shall notify the assessor of

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

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

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

25 (18) The department of treasury shall make available the
26 affidavit forms and the forms to rescind an exemption, which may be
27 on the same form, to all city and township assessors, county

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

24 (19) An owner who owned and occupied a principal residence on
25 May 1 for which the exemption was not on the tax roll may file an
26 appeal with the July board of review or December board of review in
27 the year for which the exemption was claimed or the immediately

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 affidavits.

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

5 (26) A cooperative housing corporation is entitled to a full
6 or partial exemption under this section for the tax year in which
7 the cooperative housing corporation files all of the following with
8 the local tax collecting unit in which the cooperative housing
9 corporation is located if filed on or before May 1:

10 (a) An affidavit form.

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

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

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

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

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

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

9 (a) Add all of the following:

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

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

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

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

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

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

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

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

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

5 (30) As used in this section:

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

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

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

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

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