

# HOUSE BILL No. 4222

February 13, 2003, Introduced by Reps. Kolb, Lipsey, Minore, Vagnozzi, Whitmer, Sheen and Gielegem 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 2002  
PA 624.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

9       (2) An owner of property may claim an exemption under this  
10 section by filing an affidavit on or before May 1 with the local

1 tax collecting unit in which the property is located. The  
2 affidavit shall state that the property is owned and occupied as  
3 a homestead by that owner of the property on the date that the  
4 affidavit is signed. The affidavit shall be on a form prescribed  
5 by the department of treasury. Beginning in 1995, 1 copy of the  
6 affidavit shall be retained by the owner, 1 copy shall be  
7 retained by the local tax collecting unit until any appeal or  
8 audit period under this act has expired, and 1 copy shall be  
9 forwarded to the department of treasury pursuant to subsection  
10 (4), together with all information submitted under subsection  
11 ~~-(18)-~~ (19) for a cooperative housing corporation. Beginning in  
12 1995, the affidavit shall require the owner claiming the  
13 exemption to indicate if that owner has claimed another exemption  
14 on property in this state that is not rescinded. If the  
15 affidavit requires an owner to include a social security number,  
16 that owner's number is subject to the disclosure restrictions in  
17 1941 PA 122, MCL 205.1 to 205.31.

18 (3) A husband and wife who are required to file or who do  
19 file a joint Michigan income tax return are entitled to not more  
20 than 1 homestead exemption.

21 (4) Upon receipt of an affidavit filed under subsection (2)  
22 and unless the claim is denied under subsection (6), the assessor  
23 shall exempt the property from the collection of the tax levied  
24 by a local school district for school operating purposes to the  
25 extent provided under section 1211 of the revised school code,  
26 1976 PA 451, MCL 380.1211, as provided in subsection (1) until  
27 December 31 of the year in which the property is transferred or

1 is no longer a homestead as defined in section 7dd. The local  
2 tax collecting unit shall forward copies of affidavits to the  
3 department of treasury according to a schedule prescribed by the  
4 department of treasury.

5 (5) Not more than 90 days after exempted property is no  
6 longer used as a homestead by the owner claiming an exemption,  
7 that owner shall rescind the claim of exemption by filing with  
8 the local tax collecting unit a rescission form prescribed by the  
9 department of treasury. Beginning October 1, 1994, an owner who  
10 fails to file a rescission as required by this subsection is  
11 subject to a penalty of \$5.00 per day for each separate failure  
12 beginning after the 90 days have elapsed, up to a maximum of  
13 \$200.00. This penalty shall be collected under 1941 PA 122, MCL  
14 205.1 to 205.31, and shall be deposited in the state school aid  
15 fund established in section 11 of article IX of the state  
16 constitution of 1963. This penalty may be waived by the  
17 department of treasury.

18 (6) If the assessor of the local tax collecting unit believes  
19 that the property for which an exemption is claimed is not the  
20 homestead of the owner claiming the exemption, effective for  
21 taxes levied after 1994 the assessor may deny a new or existing  
22 claim by notifying the owner and the department of treasury in  
23 writing of the reason for the denial and advising the owner that  
24 the denial may be appealed to the department of treasury within  
25 35 days after the date of the notice. The denial shall be made  
26 on a form prescribed by the department of treasury. If the  
27 assessor of the local tax collecting unit believes that the

1 property for which the exemption is claimed is not the homestead  
2 of the owner claiming the exemption, for taxes levied in 1994 the  
3 assessor may send a recommendation for denial for any affidavit  
4 that is forwarded to the department of treasury stating the  
5 reasons for the recommendation. If the assessor of the local tax  
6 collecting unit believes that the property for which the  
7 exemption is claimed is not the homestead of the owner claiming  
8 the exemption and has not denied the claim, for taxes levied  
9 after 1994 the assessor shall include a recommendation for denial  
10 with any affidavit that is forwarded to the department of  
11 treasury or, for an existing claim, shall send a recommendation  
12 for denial to the department of treasury, stating the reasons for  
13 the recommendation.

14 (7) The department of treasury shall determine if the  
15 property is the homestead of the owner claiming the exemption.  
16 The department of treasury may review the validity of exemptions  
17 for the current calendar year and for the 3 immediately preceding  
18 calendar years. If the department of treasury determines that  
19 the property is not the homestead of the owner claiming the  
20 exemption, the department shall send a notice of that  
21 determination to the local tax collecting unit and to the owner  
22 of the property claiming the exemption, indicating that the claim  
23 for exemption is denied, stating the reason for the denial, and  
24 advising the owner claiming the exemption of the right to appeal  
25 the determination to the department of treasury and what those  
26 rights of appeal are. The department of treasury may issue a  
27 notice denying a claim if an owner fails to respond within 30

1 days of receipt of a request for information from that  
2 department. An owner may appeal the denial of a claim of  
3 exemption to the department of treasury within 35 days of receipt  
4 of the notice of denial. An appeal to the department of treasury  
5 shall be conducted according to the provisions for an informal  
6 conference in section 21 of 1941 PA 122, MCL 205.21. Within 10  
7 days after acknowledging an appeal of a denial of a claim of  
8 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  
13 tax roll is in the local tax collecting unit's possession, amend  
14 the tax roll to reflect the denial and the local treasurer shall  
15 issue a corrected tax bill for previously unpaid taxes with  
16 interest and penalties computed based on the interest and  
17 penalties that would have accrued from the date the taxes were  
18 originally levied if there had not been an exemption. If the tax  
19 roll is in the county treasurer's possession, the tax roll shall  
20 be amended to reflect the denial and the county treasurer shall  
21 prepare and submit a supplemental tax bill for any additional  
22 taxes, together with any interest and penalties. For taxes  
23 levied in 1994 only, the county treasurer shall waive any  
24 interest and penalties due if the owner pays the supplemental tax  
25 bill not more than 30 days after the owner receives the  
26 supplemental tax bill. Interest and penalties shall not be  
27 assessed for any period before February 14, 1995. However, if

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

16 (8) An owner may appeal a final decision of the department of  
17 treasury to the residential and small claims division of the  
18 Michigan tax tribunal within 35 days of that decision. An  
19 assessor may appeal a final decision of the department of  
20 treasury to the residential and small claims division of the  
21 Michigan tax tribunal within 35 days of that decision if the  
22 assessor denied the exemption under subsection (6), or, for taxes  
23 levied in 1994 only, the assessor forwarded a recommendation for  
24 denial to the department of treasury under subsection (6). An  
25 owner is not required to pay the amount of tax in dispute in  
26 order to appeal a denial of a claim of exemption to the  
27 department of treasury or to receive a final determination of the

1 residential and small claims division of the Michigan tax  
2 tribunal. However, interest and penalties except as provided in  
3 subsection (7), if any, shall accrue and be computed based on the  
4 interest and penalties that would have accrued from the date the  
5 taxes were originally levied as if there had not been an  
6 exemption.

7 (9) An affidavit filed by an owner for a homestead rescinds  
8 all previous exemptions filed by that owner for any other  
9 homestead. The department of treasury shall notify the assessor  
10 of the local tax collecting unit in which the property for which  
11 a previous exemption was claimed is located that the previous  
12 exemption is rescinded by the subsequent affidavit. Upon receipt  
13 of notice that an exemption is rescinded, the assessor of the  
14 local tax collecting unit shall remove the exemption effective  
15 December 31 of the year in which the property is transferred or  
16 is no longer a homestead as defined in section 7dd. The assessor  
17 of the local tax collecting unit in which that property is  
18 located shall notify the treasurer in possession of the tax roll  
19 for a year for which the exemption is rescinded. If the tax roll  
20 is in the local tax collecting unit's possession, the tax roll  
21 shall be amended to reflect the rescission and the local  
22 treasurer shall prepare and issue a corrected tax bill for  
23 previously unpaid taxes with interest and penalties computed  
24 based on the interest and penalties that would have accrued from  
25 the date the taxes were originally levied if there had not been  
26 an exemption for that year. If the tax roll is in the county  
27 treasurer's possession, the tax roll shall be amended to reflect

1 the rescission and the county treasurer shall prepare and submit  
2 a supplemental tax bill for any additional taxes, together with  
3 any interest and penalties. However, if the property has been  
4 transferred to a bona fide purchaser, the taxes, interest, and  
5 penalties shall not be billed to the bona fide purchaser, and the  
6 local tax collecting unit if the local tax collecting unit has  
7 possession of the tax roll or the county treasurer if the county  
8 has possession of the tax roll shall notify the department of  
9 treasury of the amount of tax due and interest through the date  
10 of that notification. The department of treasury shall then  
11 assess the owner who received the homestead property tax  
12 exemption when the property was not a homestead as defined in  
13 section 7dd for the tax and interest plus penalty accruing, if  
14 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
15 205.31, and shall deposit any tax, interest, or penalty collected  
16 into the state school aid fund.

17 (10) An owner of property for which a claim of exemption is  
18 rescinded may appeal that rescission with either the July or  
19 December board of review in either the year for which the  
20 exemption is rescinded or in the immediately succeeding year. If  
21 an appeal of a rescission of a claim for exemption is received  
22 not later than 5 days prior to the date of the December board of  
23 review, the local tax collecting unit shall convene a December  
24 board of review and consider the appeal pursuant to this section  
25 and section 53b. An owner of property for which a claim of  
26 exemption is rescinded may appeal the decision of the board of  
27 review to the residential and small claims division of the

1 Michigan tax tribunal within 35 days of that decision.

2       (11) If the homestead is part of a unit in a multiple-unit  
3 dwelling or a dwelling unit in a multiple-purpose structure, an  
4 owner shall claim an exemption for only that portion of the total  
5 taxable value of the property used as the homestead of that owner  
6 in a manner prescribed by the department of treasury. If a  
7 portion of a parcel for which the owner claims an exemption is  
8 used for a purpose other than as a homestead, the owner shall  
9 claim an exemption for only that portion of the taxable value of  
10 the property used as the homestead of that owner in a manner  
11 prescribed by the department of treasury.

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

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

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

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

25 (15) If the assessor or treasurer of the local tax collecting  
26 unit believes that the department of treasury erroneously denied  
27 a claim for exemption, the assessor or treasurer may submit

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

8 (16) If granting the exemption under this section results in  
9 an overpayment of the tax, a rebate, including any interest paid,  
10 shall be made to the taxpayer by the local tax collecting unit if  
11 the local tax collecting unit has possession of the tax roll or  
12 by the county treasurer if the county has possession of the tax  
13 roll within 30 days of the date the exemption is granted. The  
14 rebate shall be without interest.

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

1 local tax collecting unit has possession of the tax roll or by  
2 the county treasurer if the county has possession of the tax  
3 roll. If an owner requests that an exemption under this section  
4 be withdrawn before that owner is contacted in writing by either  
5 the local assessor or the department of treasury regarding that  
6 owner's eligibility for the exemption and that owner pays the  
7 corrected tax bill issued under this subsection within 30 days  
8 after the corrected tax bill is issued, that owner is not liable  
9 for any penalty or interest on the additional tax. An owner who  
10 pays a corrected tax bill issued under this subsection more than  
11 30 days after the corrected tax bill is issued is liable for the  
12 penalties and interest that would have accrued if the exemption  
13 had not been granted from the date the taxes were originally  
14 levied.

15 (18) If an exemption under this section is erroneously  
16 granted as a result of an error of the assessor or treasurer of  
17 the local tax collecting unit, the property that had been subject  
18 to that exemption shall be immediately placed on the tax roll by  
19 the local tax collecting unit if the local tax collecting unit  
20 has possession of the tax roll or by the county treasurer if the  
21 county has possession of the tax roll as though the exemption has  
22 not been granted. A corrected tax bill shall be issued for the  
23 tax year being adjusted by the local tax collecting unit if the  
24 local tax collecting unit has possession of the tax roll or by  
25 the county treasurer if the county has possession of the tax  
26 roll. If an owner pays the corrected tax bill issued under this  
27 subsection within 30 days after the corrected tax bill is issued,

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

7 (19) ~~-(18)-~~ For tax years beginning on and after January 1,  
8 1994, a cooperative housing corporation is entitled to a full or  
9 partial exemption under this section for the tax year in which  
10 the cooperative housing corporation files all of the following  
11 with the local tax collecting unit in which the cooperative  
12 housing corporation is located if filed on or before May 1 of the  
13 tax year, or for the tax year following the year in which all of  
14 the following are filed if filed after May 1 of the tax year:

15 (a) An affidavit form.

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

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

25 (d) A statement of the total number of units of the  
26 cooperative housing corporation on which an exemption under this  
27 section was claimed and that were transferred in the tax year

1 immediately preceding the tax year in which the filing under this  
2 section was made.