

**SUBSTITUTE FOR  
HOUSE BILL NO. 4905**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2017 PA 121.

**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

1 of property may claim 1 exemption under this section by filing an  
2 affidavit on or before May 1 for taxes levied before January 1,  
3 2012 or, for taxes levied after December 31, 2011, on or before  
4 June 1 for the immediately succeeding summer tax levy and all  
5 subsequent tax levies or on or before November 1 for the  
6 immediately succeeding winter tax levy and all subsequent tax  
7 levies with the local tax collecting unit in which the property is  
8 located. The affidavit shall state that the property is owned and  
9 occupied as a principal residence by that owner of the property on  
10 the date that the affidavit is signed and shall state that the  
11 owner has not claimed a substantially similar exemption, deduction,  
12 or credit on property in another state. The affidavit shall be on a  
13 form prescribed by the department of treasury. One copy of the  
14 affidavit shall be retained by the owner and 1 copy shall be  
15 retained by the local tax collecting unit, together with all  
16 information submitted under subsection (28) for a cooperative  
17 housing corporation. The local tax collecting unit shall forward to  
18 the department of treasury a copy of the affidavit and any  
19 information submitted under subsection (28) upon a request from the  
20 department of treasury. The affidavit shall require the owner  
21 claiming the exemption to indicate if that owner or that owner's  
22 spouse has claimed another exemption on property in this state that  
23 is not rescinded or a substantially similar exemption, deduction,  
24 or credit on property in another state that is not rescinded. If  
25 the affidavit requires an owner to include a social security  
26 number, that owner's number is subject to the disclosure  
27 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of

1 property filed an affidavit for an exemption under this section  
2 before January 1, 2004, that affidavit shall be considered the  
3 affidavit required under this subsection for a principal residence  
4 exemption and that exemption shall remain in effect until rescinded  
5 as provided in this section.

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

12 (a) That person has claimed a substantially similar exemption,  
13 deduction, or credit, regardless of amount, on property in another  
14 state. Upon request by the department of treasury, the assessor of  
15 the local tax collecting unit, the county treasurer or his or her  
16 designee, or the county equalization director or his or her  
17 designee, a person who claims an exemption under this section  
18 shall, within 30 days, file an affidavit on a form prescribed by  
19 the department of treasury stating that the person has not claimed  
20 a substantially similar exemption, deduction, or credit on property  
21 in another state. A claim for a substantially similar exemption,  
22 deduction, or credit in another state occurs at the time of the  
23 filing or granting of a substantially similar exemption, deduction,  
24 or credit in another state. If the assessor of the local tax  
25 collecting unit, the department of treasury, or the county denies  
26 an existing claim for exemption under this section, an owner of the  
27 property subject to that denial cannot rescind a substantially

1 similar exemption, deduction, or credit claimed in another state in  
2 order to qualify for the exemption under this section for any of  
3 the years denied. If a person claims an exemption under this  
4 section and a substantially similar exemption, deduction, or credit  
5 in another state, that person is subject to a penalty of \$500.00.  
6 The penalty shall be distributed in the same manner as interest is  
7 distributed under subsection (25).

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

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

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

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

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

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

5           (4) Upon receipt of an affidavit filed under subsection (2)  
6 and unless the claim is denied under this section, the assessor  
7 shall exempt the property from the collection of the tax levied by  
8 a local school district for school operating purposes to the extent  
9 provided under section 1211 of the revised school code, 1976 PA  
10 451, MCL 380.1211, as provided in subsection (1) until December 31  
11 of the year in which the property is transferred or, except as  
12 otherwise provided in subsections (5) and (32), is no longer a  
13 principal residence as defined in section 7dd, or the owner is no  
14 longer entitled to an exemption as provided in subsection (3).

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

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

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

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



1 school aid fund established in section 11 of article IX of the  
2 state constitution of 1963. If a land contract vendor, bank, credit  
3 union, or other lending institution transfers ownership of property  
4 for which an exemption is retained under this subsection, that land  
5 contract vendor, bank, credit union, or other lending institution  
6 shall rescind the exemption as provided in this section and shall  
7 notify the treasurer of the local tax collecting unit of that  
8 transfer of ownership. If a land contract vendor, bank, credit  
9 union, or other lending institution fails to make the payment  
10 required under this subsection for any property within the period  
11 for which property taxes are due and payable without penalty, the  
12 local tax collecting unit shall deny that conditional rescission  
13 and that denial is retroactive and is effective on December 31 of  
14 the immediately preceding year. If the local tax collecting unit  
15 denies a conditional rescission, the local tax collecting unit  
16 shall remove the exemption of the property and the amount due from  
17 the land contract vendor, bank, credit union, or other lending  
18 institution shall be a tax so that the additional taxes, penalties,  
19 and interest shall be collected as provided for in this section. If  
20 payment of the tax under this subsection is not made by the March 1  
21 following the levy of the tax, the tax shall be turned over to the  
22 county treasurer and collected in the same manner as delinquent  
23 taxes under this act. An owner of property who previously occupied  
24 that property as his or her principal residence but now resides in  
25 a nursing home, ~~or~~ assisted living facility, **OR, IF RESIDING THERE**  
26 **SOLELY FOR PURPOSES OF CONVALESCENCE, ANY OTHER LOCATION** may retain  
27 an exemption on that property if the owner manifests an intent to

1 return to that property by satisfying all of the following  
2 conditions:

3 (a) The owner continues to own that property while residing in  
4 the nursing home, ~~or~~ assisted living facility, **OR OTHER LOCATION**.

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

6 (c) The owner maintains or provides for the maintenance of  
7 that property while residing in the nursing home, ~~or~~ assisted  
8 living facility, **OR OTHER LOCATION**.

9 (d) That property ~~is not occupied,~~ is not leased, ~~and~~ is not  
10 used for any business or commercial purpose.

11 (6) Except as otherwise provided in subsections (5) and (32),  
12 if the assessor of the local tax collecting unit believes that the  
13 property for which an exemption is claimed is not the principal  
14 residence of the owner claiming the exemption, the assessor may  
15 deny a new or existing claim by notifying the owner and the  
16 department of treasury in writing of the reason for the denial and  
17 advising the owner that the denial may be appealed to the  
18 residential and small claims division of the Michigan tax tribunal  
19 within 35 days after the date of the notice. The assessor may deny  
20 a claim for exemption for the current year and for the 3  
21 immediately preceding calendar years. If the assessor denies an  
22 existing claim for exemption, the assessor shall remove the  
23 exemption of the property and, if the tax roll is in the local tax  
24 collecting unit's possession, amend the tax roll to reflect the  
25 denial and the local treasurer shall within 30 days of the date of  
26 the denial issue a corrected tax bill for any additional taxes with  
27 interest at the rate of 1.25% per month or fraction of a month and

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

1 under this section for the tax, interest, and penalties accruing as  
2 a result of the denial of the claim for exemption, if any, as for  
3 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and  
4 shall deposit any tax or penalty collected into the state school  
5 aid fund and shall distribute any interest collected as provided in  
6 subsection (25). The denial shall be made on a form prescribed by  
7 the department of treasury. If the property for which the assessor  
8 has denied a claim for exemption under this subsection is located  
9 in a county in which the county treasurer or the county  
10 equalization director have elected to audit exemptions under  
11 subsection (10), the assessor shall notify the county treasurer or  
12 the county equalization director of the denial under this  
13 subsection.

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

22 (8) The department of treasury shall determine if the property  
23 is the principal residence of the owner claiming the exemption.  
24 Except as otherwise provided in subsection (21), the department of  
25 treasury may review the validity of exemptions for the current  
26 calendar year and for the 3 immediately preceding calendar years.  
27 Except as otherwise provided in subsections (5) and (32), if the

1 department of treasury determines that the property is not the  
2 principal residence of the owner claiming the exemption, the  
3 department shall send a notice of that determination to the local  
4 tax collecting unit and to the owner of the property claiming the  
5 exemption, indicating that the claim for exemption is denied,  
6 stating the reason for the denial, and advising the owner claiming  
7 the exemption of the right to appeal the determination to the  
8 department of treasury and what those rights of appeal are. The  
9 department of treasury may issue a notice denying a claim if an  
10 owner fails to respond within 30 days of receipt of a request for  
11 information from that department. An owner may appeal the denial of  
12 a claim of exemption to the department of treasury within 35 days  
13 of receipt of the notice of denial. An appeal to the department of  
14 treasury shall be conducted according to the provisions for an  
15 informal conference in section 21 of 1941 PA 122, MCL 205.21.  
16 Within 10 days after acknowledging an appeal of a denial of a claim  
17 of exemption, the department of treasury shall notify the assessor  
18 and the treasurer for the county in which the property is located  
19 that an appeal has been filed. Upon receipt of a notice that the  
20 department of treasury has denied a claim for exemption, the  
21 assessor shall remove the exemption of the property and, if the tax  
22 roll is in the local tax collecting unit's possession, amend the  
23 tax roll to reflect the denial and the local treasurer shall within  
24 30 days of the date of the denial issue a corrected tax bill for  
25 any additional taxes with interest at the rate of 1.25% per month  
26 or fraction of a month and penalties computed from the date the  
27 taxes were last payable without interest and penalty. If the tax

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

1 and penalties shall not be a lien on the property and shall not be  
2 billed to the bona fide purchaser, and the local tax collecting  
3 unit if the local tax collecting unit has possession of the tax  
4 roll or the county treasurer if the county has possession of the  
5 tax roll shall notify the department of treasury of the amount of  
6 tax due and interest through the date of that notification. The  
7 department of treasury shall then assess the owner who claimed the  
8 exemption under this section for the tax and interest plus penalty  
9 accruing as a result of the denial of the claim for exemption, if  
10 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
11 205.31, and shall deposit any tax or penalty collected into the  
12 state school aid fund and shall distribute any interest collected  
13 as provided in subsection (25).

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

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

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

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



1 may, except as otherwise provided in subsections (5) and (32), deny  
2 an existing claim by notifying the owner, the assessor of the local  
3 tax collecting unit, and the department of treasury in writing of  
4 the reason for the denial and advising the owner that the denial  
5 may be appealed to the residential and small claims division of the  
6 Michigan tax tribunal within 35 days after the date of the notice.  
7 The county treasurer or his or her designee or the county  
8 equalization director or his or her designee may deny a claim for  
9 exemption for the current year and for the 3 immediately preceding  
10 calendar years. If the county treasurer or his or her designee or  
11 the county equalization director or his or her designee denies an  
12 existing claim for exemption, the county treasurer or his or her  
13 designee or the county equalization director or his or her designee  
14 shall direct the assessor of the local tax collecting unit in which  
15 the property is located to remove the exemption of the property  
16 from the assessment roll and, if the tax roll is in the local tax  
17 collecting unit's possession, direct the assessor of the local tax  
18 collecting unit to amend the tax roll to reflect the denial and the  
19 treasurer of the local tax collecting unit shall within 30 days of  
20 the date of the denial issue a corrected tax bill for any  
21 additional taxes with interest at the rate of 1.25% per month or  
22 fraction of a month and penalties computed from the date the taxes  
23 were last payable without interest and penalty. If the tax roll is  
24 in the county treasurer's possession, the tax roll shall be amended  
25 to reflect the denial and the county treasurer shall within 30 days  
26 of the date of the denial prepare and submit a supplemental tax  
27 bill for any additional taxes, together with interest at the rate

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

1 distribute any interest collected as provided in subsection (25).  
2 The department of treasury shall annually provide the county  
3 treasurer or his or her designee or the county equalization  
4 director or his or her designee a list of parcels of property  
5 located in that county for which an exemption may be erroneously  
6 claimed. The county treasurer or his or her designee or the county  
7 equalization director or his or her designee shall forward copies  
8 of the list provided by the department of treasury to each assessor  
9 in each local tax collecting unit in that county within 10 days of  
10 receiving the list.

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

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

1 determination of the residential and small claims division of the  
2 Michigan tax tribunal. However, interest at the rate of 1.25% per  
3 month or fraction of a month and penalties shall accrue and be  
4 computed from the date the taxes were last payable without interest  
5 and penalty. If the residential and small claims division of the  
6 Michigan tax tribunal grants an owner's appeal of a denial and that  
7 owner has paid the interest due as a result of a denial under  
8 subsection (6), (8), or (11), the interest received after a  
9 distribution was made under subsection (25) shall be refunded.

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

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

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

4 (16) Except as otherwise provided in subsection (30), if the  
5 principal residence is part of a unit in a multiple-unit dwelling  
6 or a dwelling unit in a multiple-purpose structure, an owner shall  
7 claim an exemption for only that portion of the total taxable value  
8 of the property used as the principal residence of that owner in a  
9 manner prescribed by the department of treasury. If a portion of a  
10 parcel for which the owner claims an exemption is used for a  
11 purpose other than as a principal residence, the owner shall claim  
12 an exemption for only that portion of the taxable value of the  
13 property used as the principal residence of that owner in a manner  
14 prescribed by the department of treasury.

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

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

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

17 (19) An owner who owned and occupied a principal residence on  
18 May 1 for taxes levied before January 1, 2012 for which the  
19 exemption was not on the tax roll may file an appeal with the July  
20 board of review or December board of review in the year for which  
21 the exemption was claimed or the immediately succeeding 3 years.  
22 For taxes levied after December 31, 2011, an owner who owned and  
23 occupied a principal residence on June 1 or November 1 for which  
24 the exemption was not on the tax roll, or an owner of property who  
25 previously occupied that property as his or her principal residence  
26 but did not occupy that property on June 1 or November 1 while  
27 residing in a nursing home, ~~or~~ assisted living facility, **OR OTHER**

1 **LOCATION** under the circumstances described in subsection (5) (a) to  
2 (d) or while absent on active duty as a member of any branch of the  
3 Armed Forces of the United States, including the Coast Guard, a  
4 reserve component of any branch of the Armed Forces of the United  
5 States, or the National Guard, under the circumstances described in  
6 subsection (32) (a) to (d), for which the exemption was not on the  
7 tax roll, may file an appeal with the July board of review or  
8 December board of review in the year for which the exemption was  
9 claimed or the immediately succeeding 3 years. If an appeal of a  
10 claim for exemption that was not on the tax roll is received not  
11 later than 5 days before the date of the December board of review,  
12 the local tax collecting unit shall convene a December board of  
13 review and consider the appeal pursuant to this section and section  
14 53b.

15 (20) An owner who owned and occupied a principal residence  
16 within the time period prescribed in subsection (2) in any year  
17 before the 3 immediately preceding tax years for which the  
18 exemption was not on the tax roll as a result of a qualified error  
19 on the part of the local tax collecting unit may file a request for  
20 the exemption for those tax years with the department of treasury.  
21 The request for the exemption shall be in a form prescribed by the  
22 department of treasury and shall include all documentation the  
23 department of treasury considers necessary to consider the request  
24 and to correct any affected official records if a qualified error  
25 on the part of the local tax collecting unit is recognized and an  
26 exemption is granted. If the department of treasury denies a  
27 request for the exemption under this subsection, the owner is

1 responsible for all costs related to the request as determined by  
2 the department of treasury. If the department of treasury grants a  
3 request for the exemption under this subsection and the exemption  
4 results in an overpayment of the tax in the years under  
5 consideration, the department of treasury shall notify the  
6 treasurer of the local tax collecting unit, the county treasurer,  
7 and other affected officials of the error and the granting of the  
8 request for the exemption and all affected official records shall  
9 be corrected consistent with guidance provided by the department of  
10 treasury. If granting the request for the exemption results in an  
11 overpayment, a rebate, including any interest paid by the owner,  
12 shall be paid to the owner within 30 days of the receipt of the  
13 notice. A rebate shall be without interest. The treasurer in  
14 possession of the appropriate tax roll may deduct the rebate from  
15 the appropriate tax collecting unit's subsequent distribution of  
16 taxes. The treasurer in possession of the appropriate tax roll  
17 shall bill to the appropriate tax collecting unit the tax  
18 collecting unit's share of taxes rebated. A local tax collecting  
19 unit responsible for a qualified error under this subsection shall  
20 reimburse each county treasurer and other affected local official  
21 required to correct official records under this subsection for the  
22 costs incurred in complying with this subsection.

23 (21) If an owner of property received a principal residence  
24 exemption to which that owner was not entitled in any year before  
25 the 3 immediately preceding tax years, as a result of a qualified  
26 error on the part of the local tax collecting unit, the department  
27 of treasury may deny the principal residence exemption as provided



1 in subsection (8). If the department of treasury denies an  
2 exemption under this subsection, the owner shall be issued a  
3 corrected or supplemental tax bill as provided in subsection (8),  
4 except interest shall not accrue until 60 days after the date the  
5 corrected or supplemental tax bill is issued. A local tax  
6 collecting unit responsible for a qualified error under this  
7 subsection shall reimburse each county treasurer and other affected  
8 local official required to correct official records under this  
9 subsection for the costs incurred in complying with this  
10 subsection.

11 (22) If the assessor or treasurer of the local tax collecting  
12 unit believes that the department of treasury erroneously denied a  
13 claim for exemption, the assessor or treasurer may submit written  
14 information supporting the owner's claim for exemption to the  
15 department of treasury within 35 days of the owner's receipt of the  
16 notice denying the claim for exemption. If, after reviewing the  
17 information provided, the department of treasury determines that  
18 the claim for exemption was erroneously denied, the department of  
19 treasury shall grant the exemption and the tax roll shall be  
20 amended to reflect the exemption.

21 (23) If granting the exemption under this section results in  
22 an overpayment of the tax, a rebate, including any interest paid,  
23 shall be made to the taxpayer by the local tax collecting unit if  
24 the local tax collecting unit has possession of the tax roll or by  
25 the county treasurer if the county has possession of the tax roll  
26 within 30 days of the date the exemption is granted. The rebate  
27 shall be without interest. If an exemption for property classified

1 as timber-cutover real property is granted under this section for  
2 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
3 delinquent and unpaid penalty, interest, and tax resulting from  
4 that property not having been exempt under this section for the  
5 2008 or 2009 tax year shall be waived.

6 (24) If an exemption under this section is erroneously granted  
7 for an affidavit filed before October 1, 2003, an owner may request  
8 in writing that the department of treasury withdraw the exemption.  
9 The request to withdraw the exemption shall be received not later  
10 than November 1, 2003. If an owner requests that an exemption be  
11 withdrawn, the department of treasury shall issue an order  
12 notifying the local assessor that the exemption issued under this  
13 section has been denied based on the owner's request. If an  
14 exemption is withdrawn, the property that had been subject to that  
15 exemption shall be immediately placed on the tax roll by the local  
16 tax collecting unit if the local tax collecting unit has possession  
17 of the tax roll or by the county treasurer if the county has  
18 possession of the tax roll as though the exemption had not been  
19 granted. A corrected tax bill shall be issued for the tax year  
20 being adjusted by the local tax collecting unit if the local tax  
21 collecting unit has possession of the tax roll or by the county  
22 treasurer if the county has possession of the tax roll. Unless a  
23 denial has been issued before July 1, 2003, if an owner requests  
24 that an exemption under this section be withdrawn and that owner  
25 pays the corrected tax bill issued under this subsection within 30  
26 days after the corrected tax bill is issued, that owner is not  
27 liable for any penalty or interest on the additional tax. An owner

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

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

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

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

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

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

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

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

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

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

19 (c) If the county treasurer or his or her designee or the  
20 county equalization director or his or her designee denies the  
21 exemption under this section, as follows:

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

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

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

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

27 (a) Interest distributed to a county shall be deposited into a

1 restricted fund to be used solely for the administration of  
2 exemptions under this section. Money in that restricted fund shall  
3 lapse to the county general fund on the December 31 in the year 3  
4 years after the first distribution of interest to the county under  
5 subsection (25) and on each succeeding December 31 thereafter.

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

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

21 (28) A cooperative housing corporation is entitled to a full  
22 or partial exemption under this section for the tax year in which  
23 the cooperative housing corporation files all of the following with  
24 the local tax collecting unit in which the cooperative housing  
25 corporation is located if filed within the time period prescribed  
26 in subsection (2):

27 (a) An affidavit form.

1 (b) A statement of the total number of units owned by the  
2 cooperative housing corporation and occupied as the principal  
3 residence of a tenant stockholder as of the date of the filing  
4 under this subsection.

5 (c) A list that includes the name, address, and social  
6 security number of each tenant stockholder of the cooperative  
7 housing corporation occupying a unit in the cooperative housing  
8 corporation as his or her principal residence as of the date of the  
9 filing under this subsection.

10 (d) A statement of the total number of units of the  
11 cooperative housing corporation on which an exemption under this  
12 section was claimed and that were transferred in the tax year  
13 immediately preceding the tax year in which the filing under this  
14 section was made.

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

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

26 (a) Add all of the following:

27 (i) The square footage of the property used exclusively as

1 that owner's principal residence.

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

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

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

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

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

17 (31) The owner claiming an exemption under this section for  
18 property open and available as a bed and breakfast shall file an  
19 affidavit claiming the exemption within the time period prescribed  
20 in subsection (2) with the local tax collecting unit in which the  
21 property is located. The affidavit shall be in a form prescribed by  
22 the department of treasury.

23 (32) An owner of property who previously occupied that  
24 property as his or her principal residence but now is absent while  
25 on active duty as a member of any branch of the Armed Forces of the  
26 United States, including the Coast Guard, a reserve component of  
27 any branch of the Armed Forces of the United States, or the

1 National Guard, may retain an exemption on that property if the  
2 owner manifests an intent to return to that property by satisfying  
3 all of the following conditions:

4 (a) The owner continues to own that property while absent on  
5 active duty as a member of any branch of the Armed Forces of the  
6 United States, including the Coast Guard, a reserve component of  
7 any branch of the Armed Forces of the United States, or the  
8 National Guard.

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

10 (c) The owner maintains or provides for the maintenance of  
11 that property while absent on active duty as a member of any branch  
12 of the Armed Forces of the United States, including the Coast  
13 Guard, a reserve component of any branch of the Armed Forces of the  
14 United States, or the National Guard.

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

17 (33) As used in this section:

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

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

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

25 (iii) Has a smoke detector in proper working order in each  
26 sleeping room and a fire extinguisher in proper working order on  
27 each floor.

1           (b) "Common area" includes, but is not limited to, a kitchen,  
2 dining room, living room, fitness room, porch, hallway, laundry  
3 room, or bathroom that is available for use by guests of a bed and  
4 breakfast or, unless guests are specifically prohibited from access  
5 to the area, an area that is used to provide a service to guests of  
6 a bed and breakfast.

7           (c) "Qualified error" means that term as defined in section  
8 53b.