

HOUSE BILL No. 4905

September 7, 2017, Introduced by Rep. Lucido 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 2016 PA 144.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

1 (2) Except as otherwise provided in subsection (5), an owner
2 of property may claim 1 exemption under this section by filing an
3 affidavit on or before May 1 for taxes levied before January 1,
4 2012 or, for taxes levied after December 31, 2011, on or before
5 June 1 for the immediately succeeding summer tax levy and all
6 subsequent tax levies or on or before November 1 for the
7 immediately succeeding winter tax levy and all subsequent tax
8 levies with the local tax collecting unit in which the property is
9 located. The affidavit shall state that the property is owned and
10 occupied as a principal residence by that owner of the property on
11 the date that the affidavit is signed. The affidavit shall be on a
12 form prescribed by the department of treasury. One copy of the
13 affidavit shall be retained by the owner, 1 copy shall be retained
14 by the local tax collecting unit until any appeal or audit period
15 under this act has expired, and 1 copy shall be forwarded to the
16 department of treasury pursuant to subsection (4), together with
17 all information submitted under subsection (28) for a cooperative
18 housing corporation. The affidavit shall require the owner claiming
19 the exemption to indicate if that owner or that owner's spouse has
20 claimed another exemption on property in this state that is not
21 rescinded or a substantially similar exemption, deduction, or
22 credit on property in another state that is not rescinded. If the
23 affidavit requires an owner to include a social security number,
24 that owner's number is subject to the disclosure restrictions in
25 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
26 affidavit for an exemption under this section before January 1,
27 2004, that affidavit shall be considered the affidavit required

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

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

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

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

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

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

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

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

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

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

10 (4) Upon receipt of an affidavit filed under subsection (2)
11 and unless the claim is denied under this section, the assessor
12 shall exempt the property from the collection of the tax levied by
13 a local school district for school operating purposes to the extent
14 provided under section 1211 of the revised school code, 1976 PA
15 451, MCL 380.1211, as provided in subsection (1) until December 31
16 of the year in which the property is transferred or, except as
17 otherwise provided in subsections (5) and (32), is no longer a
18 principal residence as defined in section 7dd. The local tax
19 collecting unit shall forward copies of affidavits to the
20 department of treasury according to a schedule prescribed by the
21 department of treasury.

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

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

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

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

1 institution would have paid under section 1211 of the revised
2 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
3 been retained on that property is an amount that is not captured by
4 any authority as tax increment revenues and shall be distributed to
5 the department of treasury monthly for deposit into the state
6 school aid fund established in section 11 of article IX of the
7 state constitution of 1963. If a land contract vendor, bank, credit
8 union, or other lending institution transfers ownership of property
9 for which an exemption is retained under this subsection, that land
10 contract vendor, bank, credit union, or other lending institution
11 shall rescind the exemption as provided in this section and shall
12 notify the treasurer of the local tax collecting unit of that
13 transfer of ownership. If a land contract vendor, bank, credit
14 union, or other lending institution fails to make the payment
15 required under this subsection for any property within the period
16 for which property taxes are due and payable without penalty, the
17 local tax collecting unit shall deny that conditional rescission
18 and that denial is retroactive and is effective on December 31 of
19 the immediately preceding year. If the local tax collecting unit
20 denies a conditional rescission, the local tax collecting unit
21 shall remove the exemption of the property and the amount due from
22 the land contract vendor, bank, credit union, or other lending
23 institution shall be a tax so that the additional taxes, penalties,
24 and interest shall be collected as provided for in this section. If
25 payment of the tax under this subsection is not made by the March 1
26 following the levy of the tax, the tax shall be turned over to the
27 county treasurer and collected in the same manner as delinquent

1 taxes under this act. An owner of property who previously occupied
2 that property as his or her principal residence but now resides in
3 a nursing home or assisted living facility may retain an exemption
4 on that property if the owner manifests an intent to return to that
5 property by satisfying all of the following conditions:

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

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

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

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

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

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

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

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

25 (8) The department of treasury shall determine if the property
26 is the principal residence of the owner claiming the exemption.
27 Except as otherwise provided in subsection (21), the department of

1 treasury may review the validity of exemptions for the current
2 calendar year and for the 3 immediately preceding calendar years.
3 Except as otherwise provided in subsections (5) and (32), if the
4 department of treasury determines that the property is not the
5 principal residence of the owner claiming the exemption, the
6 department shall send a notice of that determination to the local
7 tax collecting unit and to the owner of the property claiming the
8 exemption, indicating that the claim for exemption is denied,
9 stating the reason for the denial, and advising the owner claiming
10 the exemption of the right to appeal the determination to the
11 department of treasury and what those rights of appeal are. The
12 department of treasury may issue a notice denying a claim if an
13 owner fails to respond within 30 days of receipt of a request for
14 information from that department. An owner may appeal the denial of
15 a claim of exemption to the department of treasury within 35 days
16 of receipt of the notice of denial. An appeal to the department of
17 treasury shall be conducted according to the provisions for an
18 informal conference in section 21 of 1941 PA 122, MCL 205.21.
19 Within 10 days after acknowledging an appeal of a denial of a claim
20 of exemption, the department of treasury shall notify the assessor
21 and the treasurer for the county in which the property is located
22 that an appeal has been filed. Upon receipt of a notice that the
23 department of treasury has denied a claim for exemption, the
24 assessor shall remove the exemption of the property and, if the tax
25 roll is in the local tax collecting unit's possession, amend the
26 tax roll to reflect the denial and the local treasurer shall within
27 30 days of the date of the denial issue a corrected tax bill for

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

1 (25). However, if the property has been transferred to a bona fide
2 purchaser before additional taxes were billed to the seller as a
3 result of the denial of a claim for exemption, the taxes, interest,
4 and penalties shall not be a lien on the property and shall not be
5 billed to the bona fide purchaser, and the local tax collecting
6 unit if the local tax collecting unit has possession of the tax
7 roll or the county treasurer if the county has possession of the
8 tax roll shall notify the department of treasury of the amount of
9 tax due and interest through the date of that notification. The
10 department of treasury shall then assess the owner who claimed the
11 exemption under this section for the tax and interest plus penalty
12 accruing as a result of the denial of the claim for exemption, if
13 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
14 205.31, and shall deposit any tax or penalty collected into the
15 state school aid fund and shall distribute any interest collected
16 as provided in subsection (25).

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

25 (10) A county may elect to audit the exemptions claimed under
26 this section in all local tax collecting units located in that
27 county as provided in this subsection. The election to audit

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

24 (11) If a county elects to audit the exemptions claimed under
25 this section as provided in subsection (10) and the county
26 treasurer or his or her designee or the county equalization
27 director or his or her designee believes that the property for

1 which an exemption is claimed is not the principal residence of the
2 owner claiming the exemption, the county treasurer or his or her
3 designee or the county equalization director or his or her designee
4 may, except as otherwise provided in subsections (5) and (32), deny
5 an existing claim by notifying the owner, the assessor of the local
6 tax collecting unit, and the department of treasury in writing of
7 the reason for the denial and advising the owner that the denial
8 may be appealed to the residential and small claims division of the
9 Michigan tax tribunal within 35 days after the date of the notice.

10 The county treasurer or his or her designee or the county
11 equalization director or his or her designee may deny a claim for
12 exemption for the current year and for the 3 immediately preceding
13 calendar years. If the county treasurer or his or her designee or
14 the county equalization director or his or her designee denies an
15 existing claim for exemption, the county treasurer or his or her
16 designee or the county equalization director or his or her designee
17 shall direct the assessor of the local tax collecting unit in which
18 the property is located to remove the exemption of the property
19 from the assessment roll and, if the tax roll is in the local tax
20 collecting unit's possession, direct the assessor of the local tax
21 collecting unit to amend the tax roll to reflect the denial and the
22 treasurer of the local tax collecting unit shall within 30 days of
23 the date of the denial issue a corrected tax bill for any
24 additional taxes with interest at the rate of 1.25% per month or
25 fraction of a month and penalties computed from the date the taxes
26 were last payable without interest and penalty. If the tax roll is
27 in the county treasurer's possession, the tax roll shall be amended

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

1 claim for exemption, if any, as for unpaid taxes provided under
2 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
3 penalty collected into the state school aid fund and shall
4 distribute any interest collected as provided in subsection (25).
5 The department of treasury shall annually provide the county
6 treasurer or his or her designee or the county equalization
7 director or his or her designee a list of parcels of property
8 located in that county for which an exemption may be erroneously
9 claimed. The county treasurer or his or her designee or the county
10 equalization director or his or her designee shall forward copies
11 of the list provided by the department of treasury to each assessor
12 in each local tax collecting unit in that county within 10 days of
13 receiving the list.

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

22 (13) An owner may appeal a denial by the assessor of the local
23 tax collecting unit under subsection (6), a final decision of the
24 department of treasury under subsection (8), or a denial by the
25 county treasurer or his or her designee or the county equalization
26 director or his or her designee under subsection (11) to the
27 residential and small claims division of the Michigan tax tribunal

1 within 35 days of that decision. An owner is not required to pay
2 the amount of tax in dispute in order to appeal a denial of a claim
3 of exemption to the department of treasury or to receive a final
4 determination of the residential and small claims division of the
5 Michigan tax tribunal. However, interest at the rate of 1.25% per
6 month or fraction of a month and penalties shall accrue and be
7 computed from the date the taxes were last payable without interest
8 and penalty. If the residential and small claims division of the
9 Michigan tax tribunal grants an owner's appeal of a denial and that
10 owner has paid the interest due as a result of a denial under
11 subsection (6), (8), or (11), the interest received after a
12 distribution was made under subsection (25) shall be refunded.

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

19 (15) Except as otherwise provided in subsection (5), an
20 affidavit filed by an owner for the exemption under this section
21 rescinds all previous exemptions filed by that owner for any other
22 property. The department of treasury shall notify the assessor of
23 the local tax collecting unit in which the property for which a
24 previous exemption was claimed is located if the previous exemption
25 is rescinded by the subsequent affidavit. When an exemption is
26 rescinded, the assessor of the local tax collecting unit shall
27 remove the exemption effective December 31 of the year in which the

1 affidavit was filed that rescinded the exemption. For any year for
2 which the rescinded exemption has not been removed from the tax
3 roll, the exemption shall be denied as provided in this section.
4 However, interest and penalty shall not be imposed for a year for
5 which a rescission form has been timely filed under subsection (5).

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

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

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

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

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

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

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

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

25 (21) If an owner of property received a principal residence
26 exemption to which that owner was not entitled in any year before
27 the 3 immediately preceding tax years, as a result of a qualified

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

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

23 (23) If granting the exemption under this section results in
24 an overpayment of the tax, a rebate, including any interest paid,
25 shall be made to the taxpayer by the local tax collecting unit if
26 the local tax collecting unit has possession of the tax roll or by
27 the county treasurer if the county has possession of the tax roll

1 within 30 days of the date the exemption is granted. The rebate
2 shall be without interest. If an exemption for property classified
3 as timber-cutover real property is granted under this section for
4 the 2008 or 2009 tax year, the tax roll shall be corrected and any
5 delinquent and unpaid penalty, interest, and tax resulting from
6 that property not having been exempt under this section for the
7 2008 or 2009 tax year shall be waived.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (26) Interest distributed under subsection (25) is subject to

1 the following conditions:

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

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

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

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

1 in subsection (2):

2 (a) An affidavit form.

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

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

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

17 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
18 of each county shall forward to the department of education a
19 statement of the taxable value of each school district and fraction
20 of a school district within the county for the preceding 4 calendar
21 years. This requirement is in addition to the requirement set forth
22 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
23 388.1751.

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

1 (a) Add all of the following:

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

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

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

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

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

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

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

25 (32) An owner of property who previously occupied that
26 property as his or her principal residence but now is absent while
27 on active duty as a member of any branch of the ~~armed forces~~ **ARMED**

1 **FORCES** of the United States, including the Coast Guard, a reserve
2 component of any branch of the ~~armed forces~~ **ARMED FORCES** of the
3 United States, or the National Guard, may retain an exemption on
4 that property if the owner manifests an intent to return to that
5 property by satisfying all of the following conditions:

6 (a) The owner continues to own that property while absent on
7 active duty as a member of any branch of the ~~armed forces~~ **ARMED**
8 **FORCES** of the United States, including the Coast Guard, a reserve
9 component of any branch of the ~~armed forces~~ **ARMED FORCES** of the
10 United States, or the National Guard.

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

12 (c) The owner maintains or provides for the maintenance of
13 that property while absent on active duty as a member of any branch
14 of the ~~armed forces~~ **ARMED FORCES** of the United States, including
15 the Coast Guard, a reserve component of any branch of the ~~armed~~
16 ~~forces~~ **ARMED FORCES** of the United States, or the National Guard.

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

19 (33) As used in this section:

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

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

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

27 (iii) Has a smoke detector in proper working order in each

1 sleeping room and a fire extinguisher in proper working order on
2 each floor.

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

9 (c) "Qualified error" means that term as defined in section
10 53b.