

# SENATE BILL No. 282

March 3, 2009, Introduced by Senators SANBORN, GILBERT, JANSEN, PAPPAGEORGE, JELINEK, KUIPERS, HARDIMAN and BIRKHOLZ and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2008 PA 198.

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15 state that is not rescinded or a substantially similar exemption,  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17 rescinded.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23 exemption and that exemption shall remain in effect until rescinded  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

25 (3) Except as otherwise provided in subsection (5), a husband  
26 and wife who are required to file or who do file a joint Michigan  
27 income tax return are entitled to not more than 1 exemption under

1 this section. For taxes levied after December 31, 2002, a person is  
2 not entitled to an exemption under this section if any of the  
3 following conditions occur:

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6 rescinded.

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

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

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

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

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

27 (ii) That person has rescinded an exemption under this section

1 on other property, which exemption remains in effect for that tax  
2 year, and there has not been a transfer of ownership of that  
3 property.

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

15 (5) Not more than 90 days after exempted property is no longer  
16 used as a principal residence by the owner claiming an exemption,  
17 that owner shall rescind the claim of exemption by filing with the  
18 local tax collecting unit a rescission form prescribed by the  
19 department of treasury. ~~However, if~~ **IF** an owner is eligible for and  
20 claims an exemption for that owner's current principal residence,  
21 that owner may retain an exemption for not more than 3 tax years on  
22 property previously exempt as his or her principal residence if  
23 that property is not occupied, is for sale, is not leased, and is  
24 not used for any business or commercial purpose by filing a  
25 conditional rescission form prescribed by the department of  
26 treasury on or before May 1 with the local tax collecting unit. **IF**  
27 **AN OWNER IS RESIDING IN AN ASSISTED LIVING FACILITY OR NURSING**

1 HOME, THAT OWNER MAY RETAIN AN EXEMPTION ON PROPERTY PREVIOUSLY  
2 EXEMPT AS HIS OR HER PRINCIPAL RESIDENCE IF THAT PROPERTY IS NOT  
3 OCCUPIED, IS NOT LEASED, AND IS NOT USED FOR ANY BUSINESS OR  
4 COMMERCIAL PURPOSE BY FILING A CONDITIONAL RESCISSION FORM  
5 PRESCRIBED BY THE DEPARTMENT OF TREASURY ON OR BEFORE MAY 1 WITH  
6 THE LOCAL TAX COLLECTING UNIT. Property is eligible for a  
7 conditional rescission if that property is available for lease and  
8 all other conditions under this subsection are met. A copy of the  
9 conditional rescission form shall be forwarded to the department of  
10 treasury according to a schedule prescribed by the department of  
11 treasury. An owner who files a conditional rescission form shall  
12 annually verify to the assessor of the local tax collecting unit on  
13 or before December 31 that the property for which the principal  
14 residence exemption is retained is not occupied, is for sale, is  
15 not leased, and is not used for any business or commercial purpose.  
16 If an owner does not annually verify by December 31 that the  
17 property for which the principal residence exemption is retained is  
18 not occupied, is for sale, is not leased, and is not used for any  
19 business or commercial purpose, the assessor of the local tax  
20 collecting unit shall deny the principal residence exemption on  
21 that property. If property subject to a conditional rescission is  
22 leased, the local tax collecting unit shall deny that conditional  
23 rescission and that denial is retroactive and is effective on  
24 December 31 of the year immediately preceding the year in which the  
25 property subject to the conditional rescission is leased. An owner  
26 who fails to file a rescission as required by this subsection is  
27 subject to a penalty of \$5.00 per day for each separate failure

1 beginning after the 90 days have elapsed, up to a maximum of  
2 \$200.00. This penalty shall be collected under 1941 PA 122, MCL  
3 205.1 to 205.31, and shall be deposited in the state school aid  
4 fund established in section 11 of article IX of the state  
5 constitution of 1963. This penalty may be waived by the department  
6 of treasury.

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

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

1 aid fund and shall distribute any interest collected as provided in  
2 subsection (23). The denial shall be made on a form prescribed by  
3 the department of treasury. If the property for which the assessor  
4 has denied a claim for exemption under this subsection is located  
5 in a county in which the county treasurer or the county  
6 equalization director have elected to audit exemptions under  
7 subsection (10), the assessor shall notify the county treasurer or  
8 the county equalization director of the denial under this  
9 subsection.

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

18 (8) The department of treasury shall determine if the property  
19 is the principal residence of the owner claiming the exemption. The  
20 department of treasury may review the validity of exemptions for  
21 the current calendar year and for the 3 immediately preceding  
22 calendar years. Except as otherwise provided in subsection (5), if  
23 the department of treasury determines that the property is not the  
24 principal residence of the owner claiming the exemption, the  
25 department shall send a notice of that determination to the local  
26 tax collecting unit and to the owner of the property claiming the  
27 exemption, indicating that the claim for exemption is denied,



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

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

27 (9) The department of treasury may enter into an agreement

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

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

1 exemptions claimed under this section as provided in this  
2 subsection, the department of treasury shall conduct an audit of  
3 exemptions claimed under this section in the initial 2-year audit  
4 period for each local tax collecting unit in that county unless the  
5 department of treasury has entered into an agreement with the  
6 assessor for that local tax collecting unit under subsection (9).

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

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

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

24 (12) If a county elects to audit exemptions claimed under this  
25 section as provided in subsection (10), the county treasurer or the  
26 county equalization director may enter into an agreement with the  
27 assessor of a local tax collecting unit in that county regarding

1 the implementation or administration of this section. The agreement  
2 may specify that for a period of time, not to exceed 120 days, the  
3 county will not deny an exemption identified by the department of  
4 treasury in the list provided under subsection (11).

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

23 (14) For taxes levied after December 31, 2005, for each county  
24 in which the county treasurer or the county equalization director  
25 does not elect to audit the exemptions claimed under this section  
26 as provided in subsection (10), the department of treasury shall  
27 conduct an annual audit of exemptions claimed under this section

1 for the current calendar year.

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

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

27 (17) When a county register of deeds records a transfer of



1 ownership of a property, he or she shall notify the local tax  
2 collecting unit in which the property is located of the transfer.

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

1 when requested to do so by the buyer or seller.

2 (19) An owner who owned and occupied a principal residence on  
3 May 1 for which the exemption was not on the tax roll may file an  
4 appeal with the July board of review or December board of review in  
5 the year for which the exemption was claimed or the immediately  
6 succeeding 3 years. If an appeal of a claim for exemption that was  
7 not on the tax roll is received not later than 5 days prior to the  
8 date of the December board of review, the local tax collecting unit  
9 shall convene a December board of review and consider the appeal  
10 pursuant to this section and section 53b. For the 2008 tax year  
11 only, an owner of property eligible for a conditional rescission  
12 under subsection (5) who did not file a conditional rescission form  
13 prescribed by the department of treasury with the local tax  
14 collecting unit on or before May 1, 2008 may file an appeal with  
15 the 2008 July board of review or 2008 December board of review to  
16 claim a conditional rescission for the 2008 tax year.

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

27 (21) If granting the exemption under this section results in

1 an overpayment of the tax, a rebate, including any interest paid,  
2 shall be made to the taxpayer by the local tax collecting unit if  
3 the local tax collecting unit has possession of the tax roll or by  
4 the county treasurer if the county has possession of the tax roll  
5 within 30 days of the date the exemption is granted. The rebate  
6 shall be without interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (24) Interest distributed under subsection (23) is subject to  
27 the following conditions:

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

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

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

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

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 (27) 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 (28) 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 that

1 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 (29) 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 on or before May 1 with the local  
20 tax collecting unit in which the property is located. The affidavit  
21 shall be in a form prescribed by the department of treasury.

22 (30) As used in this section:

23 (A) **"ASSISTED LIVING FACILITY" MEANS A LICENSED ADULT FOSTER**  
24 **CARE FACILITY OR HOME FOR THE AGED.**

25 (B) ~~(a)~~—"Bed and breakfast" means property classified as  
26 residential real property under section 34c that meets all of the  
27 following criteria:

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

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

5           (iii) Has a smoke detector in proper working order in each  
6 sleeping room and a fire extinguisher in proper working order on  
7 each floor.

8           (C) ~~(b)~~—"Common area" includes, but is not limited to, a  
9 kitchen, dining room, living room, fitness room, porch, hallway,  
10 laundry room, or bathroom that is available for use by guests of a  
11 bed and breakfast or, unless guests are specifically prohibited  
12 from access to the area, an area that is used to provide a service  
13 to guests of a bed and breakfast.