

# HOUSE BILL No. 4621

May 19, 2015, Introduced by Rep. Pagel 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 2014 PA 40.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

9           (2) Except as otherwise provided in subsection (5), an owner  
10 of property may claim 1 exemption under this section by filing an  
11 affidavit on or before May 1 for taxes levied before January 1,

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18 rescinded or a substantially similar exemption, deduction, or  
19 credit on property in another state that is not rescinded.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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 satisfying all of the following conditions:

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

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

5 (c) The owner maintains or provides for the maintenance of  
6 that property while residing in the nursing home or assisted living  
7 facility.

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

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

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

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

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

21 (8) The department of treasury shall determine if the property  
22 is the principal residence of the owner claiming the exemption.  
23 Except as otherwise provided in subsection (21), the department of  
24 treasury may review the validity of exemptions for the current  
25 calendar year and for the 3 immediately preceding calendar years.  
26 Except as otherwise provided in subsection (5), if the department  
27 of treasury determines that the property is not the principal

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

1 amended to reflect the denial and the county treasurer shall within  
2 30 days of the date of the denial prepare and submit a supplemental  
3 tax bill for any additional taxes, together with interest at the  
4 rate of 1.25% per month or fraction of a month and penalties  
5 computed from the date the taxes were last payable without interest  
6 or 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. The department of  
10 treasury may waive interest on any tax set forth in a corrected or  
11 supplemental tax bill for the current tax year and the immediately  
12 preceding 3 tax years if the assessor of the local tax collecting  
13 unit files with the department of treasury a sworn affidavit in a  
14 form prescribed by the department of treasury stating that the tax  
15 set forth in the corrected or supplemental tax bill is a result of  
16 the assessor's classification error or other error or the  
17 assessor's failure to rescind the exemption after the owner  
18 requested in writing that the exemption be rescinded. Taxes levied  
19 in a corrected or supplemental tax bill shall be returned as  
20 delinquent on the March 1 in the year immediately succeeding the  
21 year in which the corrected or supplemental tax bill is issued. If  
22 the department of treasury denies an existing claim for exemption,  
23 the interest due shall be distributed as provided in subsection  
24 (25). However, if the property has been transferred to a bona fide  
25 purchaser before additional taxes were billed to the seller as a  
26 result of the denial of a claim for exemption, the taxes, interest,  
27 and penalties shall not be a lien on the property and shall not be

1 billed to the bona fide purchaser, and the local tax collecting  
2 unit if the local tax collecting unit has possession of the tax  
3 roll or the county treasurer if the county has possession of the  
4 tax roll shall notify the department of treasury of the amount of  
5 tax due and interest through the date of that notification. The  
6 department of treasury shall then assess the owner who claimed the  
7 exemption under this section for the tax and interest plus penalty  
8 accruing as a result of the denial of the claim for exemption, if  
9 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to  
10 205.31, and shall deposit any tax or penalty collected into the  
11 state school aid fund and shall distribute any interest collected  
12 as provided in subsection (25).

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

21 (10) A county may elect to audit the exemptions claimed under  
22 this section in all local tax collecting units located in that  
23 county as provided in this subsection. The election to audit  
24 exemptions shall be made by the county treasurer, or by the county  
25 equalization director with the concurrence by resolution of the  
26 county board of commissioners. The initial election to audit  
27 exemptions shall require an audit period of 2 years. Before 2009,

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

20 (11) If a county elects to audit the exemptions claimed under  
21 this section as provided in subsection (10) and the county  
22 treasurer or his or her designee or the county equalization  
23 director or his or her designee believes that the property for  
24 which an exemption is claimed is not the principal residence of the  
25 owner claiming the exemption, the county treasurer or his or her  
26 designee or the county equalization director or his or her designee  
27 may, except as otherwise provided in subsection (5), deny an

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

1 from the date the taxes were last payable without interest or  
2 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 county  
9 treasurer or his or her designee or the county equalization  
10 director or his or her designee denies an existing claim for  
11 exemption, the interest due shall be distributed as provided in  
12 subsection (25). However, if the property has been transferred to a  
13 bona fide purchaser before additional taxes were billed to the  
14 seller as a result of the denial of a claim for exemption, the  
15 taxes, interest, and penalties shall not be a lien on the property  
16 and shall not be billed to the bona fide purchaser, and the local  
17 tax collecting unit if the local tax collecting unit has possession  
18 of the tax roll or the county treasurer if the county has  
19 possession of the tax roll shall notify the department of treasury  
20 of the amount of tax due and interest through the date of that  
21 notification. The department of treasury shall then assess the  
22 owner who claimed the exemption under this section for the tax and  
23 interest plus penalty accruing as a result of the denial of the  
24 claim for exemption, if any, as for unpaid taxes provided under  
25 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
26 penalty collected into the state school aid fund and shall  
27 distribute any interest collected as provided in subsection (25).

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

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

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

1 Michigan tax tribunal. However, interest at the rate of 1.25% per  
2 month or fraction of a month and penalties shall accrue and be  
3 computed from the date the taxes were last payable without interest  
4 and penalty. If the residential and small claims division of the  
5 Michigan tax tribunal grants an owner's appeal of a denial and that  
6 owner has paid the interest due as a result of a denial under  
7 subsection (6), (8), or (11), the interest received after a  
8 distribution was made under subsection (25) shall be refunded. **IF**  
9 **THE RESIDENTIAL AND SMALL CLAIMS DIVISION OF THE MICHIGAN TAX**  
10 **TRIBUNAL GRANTS AN OWNER'S APPEAL OF A DENIAL, THE COUNTY TREASURER**  
11 **FOR THE COUNTY IN WHICH THE AFFECTED PROPERTY IS LOCATED MAY, IN**  
12 **LIGHT OF THE TRIBUNAL'S DISPOSITION, RECONSIDER A DENIAL OF A CLAIM**  
13 **FOR EXEMPTION UNDER THIS SECTION FOR THE AFFECTED PROPERTY FOR ANY**  
14 **PRIOR YEAR THAT WAS NOT TIMELY APPEALED TO THE MICHIGAN TAX**  
15 **TRIBUNAL. UPON RECONSIDERATION, IF THE COUNTY TREASURER DETERMINES**  
16 **THAT THERE ARE REASONABLE GROUNDS TO CHALLENGE THE DENIAL OF THE**  
17 **EXEMPTION FOR ANY PRIOR YEAR, THE COUNTY TREASURER SHALL NOTIFY THE**  
18 **OWNER, THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT, AND THE**  
19 **DEPARTMENT OF TREASURY IN WRITING THAT THE OWNER MAY APPEAL THE**  
20 **PRIOR DENIAL TO THE RESIDENTIAL AND SMALL CLAIMS DIVISION OF THE**  
21 **MICHIGAN TAX TRIBUNAL WITHIN 35 DAYS AFTER THE DATE OF THE NOTICE.**

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

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

15           (16) Except as otherwise provided in subsection (30), if the  
16 principal residence is part of a unit in a multiple-unit dwelling  
17 or a dwelling unit in a multiple-purpose structure, an owner shall  
18 claim an exemption for only that portion of the total taxable value  
19 of the property used as the principal residence of that owner in a  
20 manner prescribed by the department of treasury. If a portion of a  
21 parcel for which the owner claims an exemption is used for a  
22 purpose other than as a principal residence, the owner shall claim  
23 an exemption for only that portion of the taxable value of the  
24 property used as the principal residence of that owner in a manner  
25 prescribed by the department of treasury.

26           (17) When a county register of deeds records a transfer of  
27 ownership of a property, he or she shall notify the local tax

1 collecting unit in which the property is located of the transfer.

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

1           (19) An owner who owned and occupied a principal residence on  
2 May 1 for taxes levied before January 1, 2012 for which the  
3 exemption was not on the tax roll may file an appeal with the July  
4 board of review or December board of review in the year for which  
5 the exemption was claimed or the immediately succeeding 3 years.  
6 For taxes levied after December 31, 2011, an owner who owned and  
7 occupied a principal residence on June 1 or November 1 for which  
8 the exemption was not on the tax roll may file an appeal with the  
9 July board of review or December board of review in the year for  
10 which the exemption was claimed or the immediately succeeding 3  
11 years. If an appeal of a claim for exemption that was not on the  
12 tax roll is received not later than 5 days ~~prior to~~**BEFORE** the date  
13 of the December board of review, the local tax collecting unit  
14 shall convene a December board of review and consider the appeal  
15 pursuant to this section and section 53b.

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

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

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

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

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

22 (23) If granting the exemption under this section results in  
23 an overpayment of the tax, a rebate, including any interest paid,  
24 shall be made to the taxpayer by the local tax collecting unit if  
25 the local tax collecting unit has possession of the tax roll or by  
26 the county treasurer if the county has possession of the tax roll  
27 within 30 days of the date the exemption is granted. The rebate

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

7 (24) 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~~ **BEFORE** July 1, 2003, if an owner  
25 requests that an exemption under this section be withdrawn and that  
26 owner pays the corrected tax bill issued under this subsection  
27 within 30 days after the corrected tax bill is issued, that owner

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

7 (25) Subject to subsection (26), 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 (26) Interest distributed under subsection (25) 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 (25) 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           (27) Interest distributed under subsection (25) 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           (28) 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 within the time period prescribed  
27 in subsection (2):

1 (a) An affidavit form.

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

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

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

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

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

27 (a) Add all of the following:

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

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

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

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

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

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

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

24           (32) As used in this section:

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

14           (c) "Qualified error" means that term as defined in section  
15 53b.

16           Enacting section 1. This amendatory act takes effect 90 days  
17 after the date it is enacted into law.

18           Enacting section 2. This amendatory act does not take effect  
19 unless Senate Bill No. \_\_\_\_ or House Bill No. 4620 (request no.  
20 00289'15 a) of the 98th Legislature is enacted into law.