

HOUSE BILL No. 5110

June 16, 2009, Introduced by Reps. Slezak, Slavens, Liss, Haugh, Kandrevas, Roy Schmidt, Haase, Young, Clemente, Walsh, Womack and Wayne Schmidt 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 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15 state that is not rescinded or a substantially similar exemption,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17 rescinded.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 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.
27 Property is eligible for a conditional rescission if that property

1 is available for lease and all other conditions under this
2 subsection are met. A copy of the conditional rescission form shall
3 be forwarded to the department of treasury according to a schedule
4 prescribed by the department of treasury. An owner who files a
5 conditional rescission form shall annually verify to the assessor
6 of the local tax collecting unit on or before December 31 that the
7 property for which the principal residence exemption is retained is
8 not occupied, is for sale, is not leased, and is not used for any
9 business or commercial purpose. If an owner does not annually
10 verify by December 31 that the property for which the principal
11 residence exemption is retained is not occupied, is for sale, is
12 not leased, and is not used for any business or commercial purpose,
13 the assessor of the local tax collecting unit shall deny the
14 principal residence exemption on that property. If property subject
15 to a conditional rescission is leased, the local tax collecting
16 unit shall deny that conditional rescission and that denial is
17 retroactive and is effective on December 31 of the year immediately
18 preceding the year in which the property subject to the conditional
19 rescission is leased. An owner who fails to file a rescission as
20 required by this subsection is subject to a penalty of \$5.00 per
21 day for each separate failure beginning after the 90 days have
22 elapsed, up to a maximum of \$200.00. This penalty shall be
23 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
24 deposited in the state school aid fund established in section 11 of
25 article IX of the state constitution of 1963. This penalty may be
26 waived by the department of treasury. **IF A PERSON IS ELIGIBLE FOR**
27 **AND CLAIMS AN EXEMPTION FOR HIS OR HER CURRENT PRINCIPAL RESIDENCE,**

1 THAT PERSON MAY ALSO CLAIM AN EXEMPTION UNDER THIS SECTION FOR
2 ANOTHER PARCEL OF PROPERTY THAT HE OR SHE OWNS IF THAT OTHER PARCEL
3 OF PROPERTY IS OCCUPIED BY A PERSON WHO IS TOTALLY AND PERMANENTLY
4 DISABLED AND THE TOTALLY AND PERMANENTLY DISABLED PERSON IS UNDER
5 THE DIRECT CARE AND SUPERVISION OF THE PROPERTY OWNER. AS USED IN
6 THIS SUBSECTION, "TOTALLY AND PERMANENTLY DISABLED" MEANS
7 DISABILITY AS DEFINED IN SECTION 216 OF TITLE II OF THE SOCIAL
8 SECURITY ACT, 42 USC 416.

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

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

1 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
2 shall deposit any tax or penalty collected into the state school
3 aid fund and shall distribute any interest collected as provided in
4 subsection (23). The denial shall be made on a form prescribed by
5 the department of treasury. If the property for which the assessor
6 has denied a claim for exemption under this subsection is located
7 in a county in which the county treasurer or the county
8 equalization director have elected to audit exemptions under
9 subsection (10), the assessor shall notify the county treasurer or
10 the county equalization director of the denial under this
11 subsection.

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

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

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

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

1 as provided in subsection (23).

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

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

1 of treasury may continue to review the validity of exemptions as
2 provided in subsection (8). If a county does not elect to audit the
3 exemptions claimed under this section as provided in this
4 subsection, the department of treasury shall conduct an audit of
5 exemptions claimed under this section in the initial 2-year audit
6 period for each local tax collecting unit in that county unless the
7 department of treasury has entered into an agreement with the
8 assessor for that local tax collecting unit under subsection (9).

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

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

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

26 (12) If a county elects to audit exemptions claimed under this
27 section as provided in subsection (10), the county treasurer or the

1 county equalization director may enter into an agreement with the
2 assessor of a local tax collecting unit in that county regarding
3 the implementation or administration of this section. The agreement
4 may specify that for a period of time, not to exceed 120 days, the
5 county will not deny an exemption identified by the department of
6 treasury in the list provided under subsection (11).

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

25 (14) For taxes levied after December 31, 2005, for each county
26 in which the county treasurer or the county equalization director
27 does not elect to audit the exemptions claimed under this section

1 as provided in subsection (10), the department of treasury shall
2 conduct an annual audit of exemptions claimed under this section
3 for the current calendar year.

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

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

1 prescribed by the department of treasury.

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

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

1 rescission forms to a buyer and seller or who fails to file the
2 affidavit and rescission forms with the local tax collecting unit
3 when requested to do so by the buyer or seller.

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

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

1 amended to reflect the exemption.

2 (21) If granting the exemption under this section results in
3 an overpayment of the tax, a rebate, including any interest paid,
4 shall be made to the taxpayer by the local tax collecting unit if
5 the local tax collecting unit has possession of the tax roll or by
6 the county treasurer if the county has possession of the tax roll
7 within 30 days of the date the exemption is granted. The rebate
8 shall be without interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (24) Interest distributed under subsection (23) is subject to
2 the following conditions:

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

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

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

24 (26) A cooperative housing corporation is entitled to a full
25 or partial exemption under this section for the tax year in which
26 the cooperative housing corporation files all of the following with
27 the local tax collecting unit in which the cooperative housing

1 corporation is located if filed on or before May 1:

2 (a) An affidavit form.

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

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

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

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

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

1 (a) Add all of the following:

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

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

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

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

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

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

19 (29) The owner claiming an exemption under this section for
20 property open and available as a bed and breakfast shall file an
21 affidavit claiming the exemption on or before May 1 with the local
22 tax collecting unit in which the property is located. The affidavit
23 shall be in a form prescribed by the department of treasury.

24 (30) 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.