

**SUBSTITUTE FOR
SENATE BILL NO. 831**

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

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20 rescinded or a substantially similar exemption, deduction, or
21 credit on property in another state that is not rescinded.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

1 exemption shall remain in effect until rescinded as provided in
2 this section.

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

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

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

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

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

25 (e) That person has previously rescinded an exemption under
26 this section for the same property for which an exemption is now
27 claimed and there has not been a transfer of ownership of that

1 property after the previous exemption was rescinded, if either of
2 the following conditions is satisfied:

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

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

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

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

1 exempt as his or her principal residence if that property is not
2 occupied, is for sale, is not leased, and is not used for any
3 business or commercial purpose by filing a conditional rescission
4 form prescribed by the department of treasury with the local tax
5 collecting unit within the time period prescribed in subsection
6 (2). IF AN OWNER IS RELATED TO A DECEDENT BY BLOOD OR AFFINITY TO
7 THE FIRST DEGREE, THAT OWNER MAY RETAIN AN EXEMPTION FOR NOT MORE
8 THAN 3 TAX YEARS ON PROPERTY THAT DECEDENT CONVEYED TO THAT OWNER
9 BY WILL OR INTESTATE SUCCESSION IF THAT PROPERTY WAS PREVIOUSLY
10 EXEMPT AS THAT DECEDENT'S PRINCIPAL RESIDENCE AND IF THAT PROPERTY
11 IS NOT OCCUPIED, IS FOR SALE, IS NOT LEASED, AND IS NOT USED FOR
12 ANY BUSINESS OR COMMERCIAL PURPOSE BY FILING A CONDITIONAL
13 RESCISSION FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY WITH THE
14 LOCAL TAX COLLECTING UNIT WITHIN THE TIME PERIOD PRESCRIBED IN
15 SUBSECTION (2). THE EXEMPTION FOR PROPERTY CONVEYED TO AN OWNER BY
16 WILL OR INTESTATE SUCCESSION UNDER THE PRECEDING SENTENCE IS IN
17 ADDITION TO AN EXEMPTION UNDER THIS SECTION FOR PROPERTY FOR WHICH
18 THAT OWNER IS ELIGIBLE FOR AND CLAIMS AN EXEMPTION AS THAT OWNER'S
19 PRINCIPAL RESIDENCE. Beginning in the 2012 tax year, subject to the
20 payment requirement set forth in this subsection, if a land
21 contract vendor, bank, credit union, or other lending institution
22 owns property as a result of a foreclosure or forfeiture of a
23 recorded instrument under chapter 31, 32, or 57 of the revised
24 judicature act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and
25 MCL 600.5701 to 600.5759, or through deed or conveyance in lieu of
26 a foreclosure or forfeiture on that property and that property had
27 been exempt under this section immediately preceding the

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

1 contract vendor, bank, credit union, or other lending institution
2 may retain the exemption authorized under this section for not more
3 than 3 tax years. If an owner or a land contract vendor, bank,
4 credit union, or other lending institution does not annually verify
5 by December 31 that the property for which the principal residence
6 exemption is retained is not occupied other than by the person who
7 claimed the exemption under this section immediately preceding the
8 foreclosure or forfeiture, is for sale, is not leased except as
9 otherwise provided in this section, and is not used for any
10 business or commercial purpose, the assessor of the local tax
11 collecting unit shall deny the principal residence exemption on
12 that property. Except as otherwise provided in this section, if
13 property subject to a conditional rescission is leased, the local
14 tax collecting unit shall deny that conditional rescission and that
15 denial is retroactive and is effective on December 31 of the year
16 immediately preceding the year in which the property subject to the
17 conditional rescission is leased. An owner who fails to file a
18 rescission as required by this subsection is subject to a penalty
19 of \$5.00 per day for each separate failure beginning after the 90
20 days have elapsed, up to a maximum of \$200.00. This penalty shall
21 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
22 deposited in the state school aid fund established in section 11 of
23 article IX of the state constitution of 1963. This penalty may be
24 waived by the department of treasury. If a land contract vendor,
25 bank, credit union, or other lending institution retains an
26 exemption on property under this subsection, that land contract
27 vendor, bank, credit union, or other lending institution shall pay

1 an amount equal to the additional amount that land contract vendor,
2 bank, credit union, or other lending institution would have paid
3 under section 1211 of the revised school code, 1976 PA 451, MCL
4 380.1211, if an exemption had not been retained on that property,
5 together with an administration fee equal to the property tax
6 administration fee imposed under section 44. The payment required
7 under this subsection shall be collected by the local tax
8 collecting unit at the same time and in the same manner as taxes
9 collected under this act. The administration fee shall be retained
10 by the local tax collecting unit. The amount collected that the
11 land contract vendor, bank, credit union, or other lending
12 institution would have paid under section 1211 of the revised
13 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
14 been retained on that property is an amount that is not captured by
15 any authority as tax increment revenues and shall be distributed to
16 the department of treasury monthly for deposit into the state
17 school aid fund established in section 11 of article IX of the
18 state constitution of 1963. If a land contract vendor, bank, credit
19 union, or other lending institution transfers ownership of property
20 for which an exemption is retained under this subsection, that land
21 contract vendor, bank, credit union, or other lending institution
22 shall rescind the exemption as provided in this section and shall
23 notify the treasurer of the local tax collecting unit of that
24 transfer of ownership. If a land contract vendor, bank, credit
25 union, or other lending institution fails to make the payment
26 required under this subsection for any property within the period
27 for which property taxes are due and payable without penalty, the

1 local tax collecting unit shall deny that conditional rescission
2 and that denial is retroactive and is effective on December 31 of
3 the immediately preceding year. If the local tax collecting unit
4 denies a conditional rescission, the local tax collecting unit
5 shall remove the exemption of the property and the amount due from
6 the land contract vendor, bank, credit union, or other lending
7 institution shall be a tax so that the additional taxes, penalties,
8 and interest shall be collected as provided for in this section. If
9 payment of the tax under this subsection is not made by the March 1
10 following the levy of the tax, the tax shall be turned over to the
11 county treasurer and collected in the same manner as delinquent
12 taxes under this act. A person who previously occupied property as
13 his or her principal residence but now resides in a nursing home or
14 assisted living facility may retain an exemption on that property
15 if the owner manifests an intent to return to that property by
16 satisfying all of the following conditions:

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

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

20 (c) The owner maintains or provides for the maintenance of
21 that property while residing in the nursing home or assisted living
22 facility.

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

25 (6) Except as otherwise provided in subsection (5), if the
26 assessor of the local tax collecting unit believes that the
27 property for which an exemption is claimed is not the principal

1 residence of the owner claiming the exemption, the assessor may
2 deny a new or existing claim by notifying the owner and the
3 department of treasury in writing of the reason for the denial and
4 advising the owner that the denial may be appealed to the
5 residential and small claims division of the Michigan tax tribunal
6 within 35 days after the date of the notice. The assessor may deny
7 a claim for exemption for the current year and for the 3
8 immediately preceding calendar years. If the assessor denies an
9 existing claim for exemption, the assessor shall remove the
10 exemption of the property and, if the tax roll is in the local tax
11 collecting unit's possession, amend the tax roll to reflect the
12 denial and the local treasurer shall within 30 days of the date of
13 the denial issue a corrected tax bill for any additional taxes with
14 interest at the rate of 1.25% per month or fraction of a month and
15 penalties computed from the date the taxes were last payable
16 without interest or penalty. If the tax roll is in the county
17 treasurer's possession, the tax roll shall be amended to reflect
18 the denial and the county treasurer shall within 30 days of the
19 date of the denial prepare and submit a supplemental tax bill for
20 any additional taxes, together with interest at the rate of 1.25%
21 per month or fraction of a month and penalties computed from the
22 date the taxes were last payable without interest or penalty.
23 Interest on any tax set forth in a corrected or supplemental tax
24 bill shall again begin to accrue 60 days after the date the
25 corrected or supplemental tax bill is issued at the rate of 1.25%
26 per month or fraction of a month. Taxes levied in a corrected or
27 supplemental tax bill shall be returned as delinquent on the March

1 1 in the year immediately succeeding the year in which the
2 corrected or supplemental tax bill is issued. If the assessor
3 denies an existing claim for exemption, the interest due shall be
4 distributed as provided in subsection (25). However, if the
5 property has been transferred to a bona fide purchaser before
6 additional taxes were billed to the seller as a result of the
7 denial of a claim for exemption, the taxes, interest, and penalties
8 shall not be a lien on the property and shall not be billed to the
9 bona fide purchaser, and the local tax collecting unit if the local
10 tax collecting unit has possession of the tax roll or the county
11 treasurer if the county has possession of the tax roll shall notify
12 the department of treasury of the amount of tax due, interest, and
13 penalties through the date of that notification. The department of
14 treasury shall then assess the owner who claimed the exemption
15 under this section for the tax, interest, and penalties accruing as
16 a result of the denial of the claim for exemption, if any, as for
17 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
18 shall deposit any tax or penalty collected into the state school
19 aid fund and shall distribute any interest collected as provided in
20 subsection (25). The denial shall be made on a form prescribed by
21 the department of treasury. If the property for which the assessor
22 has denied a claim for exemption under this subsection is located
23 in a county in which the county treasurer or the county
24 equalization director have elected to audit exemptions under
25 subsection (10), the assessor shall notify the county treasurer or
26 the county equalization director of the denial under this
27 subsection.

1 (7) If the assessor of the local tax collecting unit believes
2 that the property for which the exemption is claimed is not the
3 principal residence of the owner claiming the exemption and has not
4 denied the claim, the assessor shall include a recommendation for
5 denial with any affidavit that is forwarded to the department of
6 treasury or, for an existing claim, shall send a recommendation for
7 denial to the department of treasury, stating the reasons for the
8 recommendation.

9 (8) The department of treasury shall determine if the property
10 is the principal residence of the owner claiming the exemption.
11 Except as otherwise provided in subsection (21), the department of
12 treasury may review the validity of exemptions for the current
13 calendar year and for the 3 immediately preceding calendar years.
14 Except as otherwise provided in subsection (5), if the department
15 of treasury determines that the property is not the principal
16 residence of the owner claiming the exemption, the department shall
17 send a notice of that determination to the local tax collecting
18 unit and to the owner of the property claiming the exemption,
19 indicating that the claim for exemption is denied, stating the
20 reason for the denial, and advising the owner claiming the
21 exemption of the right to appeal the determination to the
22 department of treasury and what those rights of appeal are. The
23 department of treasury may issue a notice denying a claim if an
24 owner fails to respond within 30 days of receipt of a request for
25 information from that department. An owner may appeal the denial of
26 a claim of exemption to the department of treasury within 35 days
27 of receipt of the notice of denial. An appeal to the department of

1 treasury shall be conducted according to the provisions for an
2 informal conference in section 21 of 1941 PA 122, MCL 205.21.
3 Within 10 days after acknowledging an appeal of a denial of a claim
4 of exemption, the department of treasury shall notify the assessor
5 and the treasurer for the county in which the property is located
6 that an appeal has been filed. Upon receipt of a notice that the
7 department of treasury has denied a claim for exemption, the
8 assessor shall remove the exemption of the property and, if the tax
9 roll is in the local tax collecting unit's possession, amend the
10 tax roll to reflect the denial and the local treasurer shall within
11 30 days of the date of the denial issue a corrected tax bill for
12 any additional taxes with interest at the rate of 1.25% per month
13 or fraction of a month and penalties computed from the date the
14 taxes were last payable without interest and penalty. If the tax
15 roll is in the county treasurer's possession, the tax roll shall be
16 amended to reflect the denial and the county treasurer shall within
17 30 days of the date of the denial prepare and submit a supplemental
18 tax bill for any additional taxes, together with interest at the
19 rate of 1.25% per month or fraction of a month and penalties
20 computed from the date the taxes were last payable without interest
21 or penalty. Interest on any tax set forth in a corrected or
22 supplemental tax bill shall again begin to accrue 60 days after the
23 date the corrected or supplemental tax bill is issued at the rate
24 of 1.25% per month or fraction of a month. The department of
25 treasury may waive interest on any tax set forth in a corrected or
26 supplemental tax bill for the current tax year and the immediately
27 preceding 3 tax years if the assessor of the local tax collecting

1 unit files with the department of treasury a sworn affidavit in a
2 form prescribed by the department of treasury stating that the tax
3 set forth in the corrected or supplemental tax bill is a result of
4 the assessor's classification error or other error or the
5 assessor's failure to rescind the exemption after the owner
6 requested in writing that the exemption be rescinded. Taxes levied
7 in a corrected or supplemental tax bill shall be returned as
8 delinquent on the March 1 in the year immediately succeeding the
9 year in which the corrected or supplemental tax bill is issued. If
10 the department of treasury denies an existing claim for exemption,
11 the interest due shall be distributed as provided in subsection
12 (25). However, if the property has been transferred to a bona fide
13 purchaser before additional taxes were billed to the seller as a
14 result of the denial of a claim for exemption, the taxes, interest,
15 and penalties shall not be a lien on the property and shall not be
16 billed to the bona fide purchaser, and the local tax collecting
17 unit if the local tax collecting unit has possession of the tax
18 roll or the county treasurer if the county has possession of the
19 tax roll shall notify the department of treasury of the amount of
20 tax due and interest through the date of that notification. The
21 department of treasury shall then assess the owner who claimed the
22 exemption under this section for the tax and interest plus penalty
23 accruing as a result of the denial of the claim for exemption, if
24 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
25 205.31, and shall deposit any tax or penalty collected into the
26 state school aid fund and shall distribute any interest collected
27 as provided in subsection (25).

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

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

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

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

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

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

25 (12) If a county elects to audit exemptions claimed under this
26 section as provided in subsection (10), the county treasurer or the
27 county equalization director may enter into an agreement with the

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

6 (13) An owner may appeal a denial by the assessor of the local
7 tax collecting unit under subsection (6), a final decision of the
8 department of treasury under subsection (8), or a denial by the
9 county treasurer or his or her designee or the county equalization
10 director or his or her designee under subsection (11) to the
11 residential and small claims division of the Michigan tax tribunal
12 within 35 days of that decision. An owner is not required to pay
13 the amount of tax in dispute in order to appeal a denial of a claim
14 of exemption to the department of treasury or to receive a final
15 determination of the residential and small claims division of the
16 Michigan tax tribunal. However, interest at the rate of 1.25% per
17 month or fraction of a month and penalties shall accrue and be
18 computed from the date the taxes were last payable without interest
19 and penalty. If the residential and small claims division of the
20 Michigan tax tribunal grants an owner's appeal of a denial and that
21 owner has paid the interest due as a result of a denial under
22 subsection (6), (8), or (11), the interest received after a
23 distribution was made under subsection (25) shall be refunded.

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

1 conduct an annual audit of exemptions claimed under this section
2 for the current calendar year.

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

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

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

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

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

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

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

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

26 (21) If an owner of property received a principal residence
27 exemption to which that owner was not entitled in any year before

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

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

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

1 the county treasurer if the county has possession of the tax roll
2 within 30 days of the date the exemption is granted. The rebate
3 shall be without interest. If an exemption for property classified
4 as timber-cutover real property is granted under this section for
5 the 2008 or 2009 tax year, the tax roll shall be corrected and any
6 delinquent and unpaid penalty, interest, and tax resulting from
7 that property not having been exempt under this section for the
8 2008 or 2009 tax year shall be waived.

9 (24) 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 (25) Subject to subsection (26), 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 (26) Interest distributed under subsection (25) 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 (25) 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 (27) Interest distributed under subsection (25) 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 (28) 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 within the time period prescribed
2 in subsection (2):

3 (a) An affidavit form.

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

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

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

18 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
19 of each county shall forward to the department of education a
20 statement of the taxable value of each school district and fraction
21 of a school district within the county for the preceding 4 calendar
22 years. This requirement is in addition to the requirement set forth
23 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
24 388.1751.

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

1 calculated in the following manner:

2 (a) Add all of the following:

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

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

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

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

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

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

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

26 (32) As used in this section:

27 (a) "Bed and breakfast" means property classified as

1 residential real property under section 34c that meets all of the
2 following criteria:

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

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

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

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

16 (c) "Qualified error" means that term as defined in section
17 53b.