

HOUSE BILL No. 5454

January 30, 2018, Introduced by Rep. Lucido and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2017 PA 121.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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24 is not rescinded or a substantially similar exemption, deduction,
25 or credit on property in another state that is not rescinded.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

1 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of
2 property filed an affidavit for an exemption under this section
3 before January 1, 2004, that affidavit shall be considered the
4 affidavit required under this subsection for a principal residence
5 exemption and that exemption shall remain in effect until rescinded
6 as provided in this section.

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

13 (a) That person has claimed a substantially similar exemption,
14 deduction, or credit, regardless of amount, on property in another
15 state. Upon request by the department of treasury, the assessor of
16 the local tax collecting unit, the county treasurer or his or her
17 designee, or the county equalization director or his or her
18 designee, a person who claims an exemption under this section
19 shall, within 30 days, file an affidavit on a form prescribed by
20 the department of treasury stating that the person has not claimed
21 a substantially similar exemption, deduction, or credit on property
22 in another state. A claim for a substantially similar exemption,
23 deduction, or credit in another state occurs at the time of the
24 filing or granting of a substantially similar exemption, deduction,
25 or credit in another state. If the assessor of the local tax
26 collecting unit, the department of treasury, or the county denies
27 an existing claim for exemption under this section, an owner of the

1 property subject to that denial cannot rescind a substantially
2 similar exemption, deduction, or credit claimed in another state in
3 order to qualify for the exemption under this section for any of
4 the years denied. If a person claims an exemption under this
5 section and a substantially similar exemption, deduction, or credit
6 in another state, that person is subject to a penalty of \$500.00.
7 The penalty shall be distributed in the same manner as interest is
8 distributed under subsection (25).

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

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

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

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

27 (i) That person has claimed an exemption under this section

1 for any other property for that tax year.

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

6 (4) Upon receipt of an affidavit filed under subsection (2)
7 and unless the claim is denied under this section, the assessor
8 shall exempt the property from the collection of the tax levied by
9 a local school district for school operating purposes to the extent
10 provided under section 1211 of the revised school code, 1976 PA
11 451, MCL 380.1211, as provided in subsection (1) until December 31
12 of the year in which the property is transferred or, except as
13 otherwise provided in subsections (5), ~~and (32)~~, **AND (33)**, is no
14 longer a principal residence as defined in section 7dd, or the
15 owner is no longer entitled to an exemption as provided in
16 subsection (3).

17 (5) Except as otherwise provided in this subsection **AND**
18 **SUBSECTIONS (32) AND (33)**, not more than 90 days after exempted
19 property is no longer used as a principal residence by the owner
20 claiming an exemption, that owner shall rescind the claim of
21 exemption by filing with the local tax collecting unit a rescission
22 form prescribed by the department of treasury. The local tax
23 collecting unit shall retain the rescission form and shall forward
24 a copy of it to the department of treasury upon a request from the
25 department of treasury. If an owner is eligible for and claims an
26 exemption for that owner's current principal residence, that owner
27 may retain an exemption for not more than 3 tax years on property

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

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

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

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

1 a nursing home or assisted living facility may retain an exemption
2 on that property if the owner manifests an intent to return to that
3 property by satisfying all of the following conditions:

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

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

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

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

12 (6) Except as otherwise provided in subsections (5), ~~and (32)~~,
13 **AND (33)**, if the assessor of the local tax collecting unit believes
14 that the property for which an exemption is claimed is not the
15 principal residence of the owner claiming the exemption, the
16 assessor may deny a new or existing claim by notifying the owner
17 and the department of treasury in writing of the reason for the
18 denial and advising the owner that the denial may be appealed to
19 the residential and small claims division of the Michigan tax
20 tribunal within 35 days after the date of the notice. The assessor
21 may deny a claim for exemption for the current year and for the 3
22 immediately preceding calendar years. If the assessor denies an
23 existing claim for exemption, the assessor shall remove the
24 exemption of the property and, if the tax roll is in the local tax
25 collecting unit's possession, amend the tax roll to reflect the
26 denial and the local treasurer shall within 30 days of the date of
27 the denial issue a corrected tax bill for any additional taxes with

1 interest at the rate of 1.25% per month or fraction of a month and
2 penalties computed from the date the taxes were last payable
3 without interest or penalty. If the tax roll is in the county
4 treasurer's possession, the tax roll shall be amended to reflect
5 the denial and the county treasurer shall within 30 days of the
6 date of the denial prepare and submit a supplemental tax bill for
7 any additional taxes, together with interest at the rate of 1.25%
8 per month or fraction of a month and penalties computed from the
9 date the taxes were last payable without interest or penalty.

10 Interest on any tax set forth in a corrected or supplemental tax
11 bill shall again begin to accrue 60 days after the date the
12 corrected or supplemental tax bill is issued at the rate of 1.25%
13 per month or fraction of a month. Taxes levied in a corrected or
14 supplemental tax bill shall be returned as delinquent on the March
15 1 in the year immediately succeeding the year in which the
16 corrected or supplemental tax bill is issued. If the assessor
17 denies an existing claim for exemption, the interest due shall be
18 distributed as provided in subsection (25). However, if the
19 property has been transferred to a bona fide purchaser before
20 additional taxes were billed to the seller as a result of the
21 denial of a claim for exemption, the taxes, interest, and penalties
22 shall not be a lien on the property and shall not be billed to the
23 bona fide purchaser, and the local tax collecting unit if the local
24 tax collecting unit has possession of the tax roll or the county
25 treasurer if the county has possession of the tax roll shall notify
26 the department of treasury of the amount of tax due, interest, and
27 penalties through the date of that notification. The department of

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

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

23 (8) The department of treasury shall determine if the property
24 is the principal residence of the owner claiming the exemption.
25 Except as otherwise provided in subsection (21), the department of
26 treasury may review the validity of exemptions for the current
27 calendar year and for the 3 immediately preceding calendar years.

1 Except as otherwise provided in subsections (5), ~~and~~ (32), **AND**
2 **(33)**, if the department of treasury determines that the property is
3 not the principal residence of the owner claiming the exemption,
4 the department shall send a notice of that determination to the
5 local tax collecting unit and to the owner of the property claiming
6 the exemption, indicating that the claim for exemption is denied,
7 stating the reason for the denial, and advising the owner claiming
8 the exemption of the right to appeal the determination to the
9 department of treasury and what those rights of appeal are. The
10 department of treasury may issue a notice denying a claim if an
11 owner fails to respond within 30 days of receipt of a request for
12 information from that department. An owner may appeal the denial of
13 a claim of exemption to the department of treasury within 35 days
14 of receipt of the notice of denial. An appeal to the department of
15 treasury shall be conducted according to the provisions for an
16 informal conference in section 21 of 1941 PA 122, MCL 205.21.
17 Within 10 days after acknowledging an appeal of a denial of a claim
18 of exemption, the department of treasury shall notify the assessor
19 and the treasurer for the county in which the property is located
20 that an appeal has been filed. Upon receipt of a notice that the
21 department of treasury has denied a claim for exemption, the
22 assessor shall remove the exemption of the property and, if the tax
23 roll is in the local tax collecting unit's possession, amend the
24 tax roll to reflect the denial and the local treasurer shall within
25 30 days of the date of the denial issue a corrected tax bill for
26 any additional taxes with interest at the rate of 1.25% per month
27 or fraction of a month and penalties computed from the date the

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

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

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

23 (10) A county may elect to audit the exemptions claimed under
24 this section in all local tax collecting units located in that
25 county as provided in this subsection. The election to audit
26 exemptions shall be made by the county treasurer, or by the county
27 equalization director with the concurrence by resolution of the

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

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

1 designee or the county equalization director or his or her designee
2 may, except as otherwise provided in subsections (5), ~~and (32)~~, **AND**
3 **(33)**, deny an existing claim by notifying the owner, the assessor
4 of the local tax collecting unit, and the department of treasury in
5 writing of the reason for the denial and advising the owner that
6 the denial may be appealed to the residential and small claims
7 division of the Michigan tax tribunal within 35 days after the date
8 of the notice. The county treasurer or his or her designee or the
9 county equalization director or his or her designee may deny a
10 claim for exemption for the current year and for the 3 immediately
11 preceding calendar years. If the county treasurer or his or her
12 designee or the county equalization director or his or her designee
13 denies an existing claim for exemption, the county treasurer or his
14 or her designee or the county equalization director or his or her
15 designee shall direct the assessor of the local tax collecting unit
16 in which the property is located to remove the exemption of the
17 property from the assessment roll and, if the tax roll is in the
18 local tax collecting unit's possession, direct the assessor of the
19 local tax collecting unit to amend the tax roll to reflect the
20 denial and the treasurer of the local tax collecting unit shall
21 within 30 days of the date of the denial issue a corrected tax bill
22 for any additional taxes with interest at the rate of 1.25% per
23 month or fraction of a month and penalties computed from the date
24 the taxes were last payable without interest and penalty. If the
25 tax roll is in the county treasurer's possession, the tax roll
26 shall be amended to reflect the denial and the county treasurer
27 shall within 30 days of the date of the denial prepare and submit a

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

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

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

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

1 of exemption to the department of treasury or to receive a final
2 determination of the residential and small claims division of the
3 Michigan tax tribunal. However, interest at the rate of 1.25% per
4 month or fraction of a month and penalties shall accrue and be
5 computed from the date the taxes were last payable without interest
6 and penalty. If the residential and small claims division of the
7 Michigan tax tribunal grants an owner's appeal of a denial and that
8 owner has paid the interest due as a result of a denial under
9 subsection (6), (8), or (11), the interest received after a
10 distribution was made under subsection (25) shall be refunded.

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

17 (15) Except as otherwise provided in subsection (5), an
18 affidavit filed by an owner for the exemption under this section
19 rescinds all previous exemptions filed by that owner for any other
20 property. The department of treasury shall notify the assessor of
21 the local tax collecting unit in which the property for which a
22 previous exemption was claimed is located if the previous exemption
23 is rescinded by the subsequent affidavit. When an exemption is
24 rescinded as provided in subsection (5), the assessor of the local
25 tax collecting unit shall remove the exemption effective December
26 31 of the year in which the affidavit was filed that rescinded the
27 exemption. For any year for which the rescinded exemption has not

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

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

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

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

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

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

1 residing in a nursing home or assisted living facility under the
2 circumstances described in subsection (5)(a) to (d), ~~or~~ while
3 absent on active duty as a member of any branch of the Armed Forces
4 of the United States, including the Coast Guard, a reserve
5 component of any branch of the Armed Forces of the United States,
6 or the National Guard, under the circumstances described in
7 subsection (32)(a) to (d), **OR WHILE ABSENT DUE TO THE DEMOLITION OR**
8 **DESTRUCTION OF A DWELLING ON THE PROPERTY UNDER THE CIRCUMSTANCES**
9 **DESCRIBED IN SUBSECTION (33)(A) TO (D)**, for which the exemption was
10 not on the tax roll, may file an appeal with the July board of
11 review or December board of review in the year for which the
12 exemption was claimed or the immediately succeeding 3 years. If an
13 appeal of a claim for exemption that was not on the tax roll is
14 received not later than 5 days before the date of the December
15 board of review, the local tax collecting unit shall convene a
16 December board of review and consider the appeal pursuant to this
17 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 before 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
4 that 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) An owner of property who previously occupied that
27 property as his or her principal residence but now is absent while

1 on active duty as a member of any branch of the Armed Forces of the
2 United States, including the Coast Guard, a reserve component of
3 any branch of the Armed Forces of the United States, or the
4 National Guard, may retain an exemption on that property if the
5 owner manifests an intent to return to that property by satisfying
6 all of the following conditions:

7 (a) The owner continues to own that property while absent on
8 active duty as a member of any branch of the Armed Forces of the
9 United States, including the Coast Guard, a reserve component of
10 any branch of the Armed Forces of the United States, or the
11 National Guard.

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

13 (c) The owner maintains or provides for the maintenance of
14 that property while absent on active duty as a member of any branch
15 of the Armed Forces of the United States, including the Coast
16 Guard, a reserve component of any branch of the Armed Forces of the
17 United States, or the National Guard.

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

20 **(33) AN OWNER OF PROPERTY WHO PREVIOUSLY OCCUPIED THAT**
21 **PROPERTY AS HIS OR HER PRINCIPAL RESIDENCE BUT NOW IS ABSENT DUE TO**
22 **THE DEMOLITION OR DESTRUCTION OF A DWELLING ON THAT PROPERTY MAY**
23 **RETAIN AN EXEMPTION ON THAT PROPERTY IF THE OWNER MANIFESTS AN**
24 **INTENT TO RETURN TO THAT PROPERTY BY SATISFYING ALL OF THE**
25 **FOLLOWING CONDITIONS:**

26 **(A) THE OWNER CONTINUES TO OWN THAT PROPERTY WHILE ABSENT DUE**
27 **TO THE DEMOLITION OR DESTRUCTION OF A DWELLING ON THAT PROPERTY.**

1 (B) THE OWNER HAS NOT ESTABLISHED A NEW PRINCIPAL RESIDENCE.

2 (C) THE OWNER PROVIDES FOR RECONSTRUCTION OF A DWELLING ON
3 THAT PROPERTY WITHIN A REASONABLE PERIOD OF TIME IMMEDIATELY
4 SUCCEEDING ITS DEMOLITION OR DESTRUCTION, FOR PURPOSES OF OCCUPYING
5 THE RECONSTRUCTED DWELLING UPON ITS COMPLETION.

6 (D) THAT PROPERTY IS NOT OCCUPIED, IS NOT LEASED, AND IS NOT
7 USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE.

8 (34) ~~(33)~~ As used in this section:

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

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

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

16 (iii) Has a smoke detector in proper working order in each
17 sleeping room and a fire extinguisher in proper working order on
18 each floor.

19 (b) "Common area" includes, but is not limited to, a kitchen,
20 dining room, living room, fitness room, porch, hallway, laundry
21 room, or bathroom that is available for use by guests of a bed and
22 breakfast or, unless guests are specifically prohibited from access
23 to the area, an area that is used to provide a service to guests of
24 a bed and breakfast.

25 (c) "Qualified error" means that term as defined in section
26 53b.