

**SUBSTITUTE FOR  
SENATE BILL NO. 940**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2018 PA 633.

**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. **For the 2020 tax year only, an owner may claim 1 exemption**  
 9 **under this section by filing an affidavit on or before June 30,**  
 10 **2020 for the 2020 summer tax levy and all subsequent tax levies**  
 11 **with the local tax collecting unit in which the property is**  
 12 **located.** The affidavit shall state that the property is owned and  
 13 occupied as a principal residence by that owner of the property on  
 14 the date that the affidavit is signed and shall state that the  
 15 owner has not claimed a substantially similar exemption, deduction,  
 16 or credit on property in another state. The affidavit shall be on a  
 17 form prescribed by the department of treasury. One copy of the  
 18 affidavit shall be retained by the owner and 1 copy shall be  
 19 retained by the local tax collecting unit, together with all  
 20 information submitted under subsection (28) for a cooperative  
 21 housing corporation. The local tax collecting unit shall forward to  
 22 the department of treasury a copy of the affidavit and any  
 23 information submitted under subsection (28) upon a request from the  
 24 department of treasury. The affidavit shall require the owner  
 25 claiming the exemption to indicate if that owner or that owner's  
 26 spouse has claimed another exemption on property in this state that  
 27 is not rescinded or a substantially similar exemption, deduction,  
 28 or credit on property in another state that is not rescinded. If  
 29 the affidavit requires an owner to include a ~~social security~~ **Social**



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6 exemption and that exemption shall remain in effect until rescinded  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

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

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



1 similar exemption, deduction, or credit claimed in another state in  
2 order to qualify for the exemption under this section for any of  
3 the years denied. If a person claims an exemption under this  
4 section and a substantially similar exemption, deduction, or credit  
5 in another state, that person is subject to a penalty of \$500.00.  
6 The penalty shall be distributed in the same manner as interest is  
7 distributed under subsection (25).

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

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

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

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

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

28 (ii) That person has rescinded an exemption under this section  
29 on other property, which exemption remains in effect for that tax



1 year, and there has not been a transfer of ownership of that  
2 property.

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

13 (5) Except as otherwise provided in this subsection and  
14 subsections (32) and (33), not more than 90 days after exempted  
15 property is no longer used as a principal residence by the owner  
16 claiming an exemption, that owner shall rescind the claim of  
17 exemption by filing with the local tax collecting unit a rescission  
18 form prescribed by the department of treasury. The local tax  
19 collecting unit shall retain the rescission form and shall forward  
20 a copy of it to the department of treasury upon a request from the  
21 department of treasury. If an owner is eligible for and claims an  
22 exemption for that owner's current principal residence, that owner  
23 may retain an exemption for not more than 3 tax years on property  
24 previously exempt as his or her principal residence if that  
25 property is not occupied, is for sale, is not leased, and is not  
26 used for any business or commercial purpose by filing a conditional  
27 rescission form prescribed by the department of treasury with the  
28 local tax collecting unit within the time period prescribed in  
29 subsection (2). Beginning in the 2012 tax year, subject to the



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



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



1 waived by the department of treasury. If a land contract vendor,  
2 bank, credit union, or other lending institution retains an  
3 exemption on property under this subsection, that land contract  
4 vendor, bank, credit union, or other lending institution shall pay  
5 an amount equal to the additional amount that land contract vendor,  
6 bank, credit union, or other lending institution would have paid  
7 under section 1211 of the revised school code, 1976 PA 451, MCL  
8 380.1211, if an exemption had not been retained on that property,  
9 together with an administration fee equal to the property tax  
10 administration fee imposed under section 44. The payment required  
11 under this subsection shall be collected by the local tax  
12 collecting unit at the same time and in the same manner as taxes  
13 collected under this act. The administration fee shall be retained  
14 by the local tax collecting unit. The amount collected that the  
15 land contract vendor, bank, credit union, or other lending  
16 institution would have paid under section 1211 of the revised  
17 school code, 1976 PA 451, MCL 380.1211, if an exemption had not  
18 been retained on that property is an amount that is not captured by  
19 any authority as tax increment revenues and shall be distributed to  
20 the department of treasury monthly for deposit into the state  
21 school aid fund established in section 11 of article IX of the  
22 state constitution of 1963. If a land contract vendor, bank, credit  
23 union, or other lending institution transfers ownership of property  
24 for which an exemption is retained under this subsection, that land  
25 contract vendor, bank, credit union, or other lending institution  
26 shall rescind the exemption as provided in this section and shall  
27 notify the treasurer of the local tax collecting unit of that  
28 transfer of ownership. If a land contract vendor, bank, credit  
29 union, or other lending institution fails to make the payment



1 required under this subsection for any property within the period  
2 for which property taxes are due and payable without penalty, the  
3 local tax collecting unit shall deny that conditional rescission  
4 and that denial is retroactive and is effective on December 31 of  
5 the immediately preceding year. If the local tax collecting unit  
6 denies a conditional rescission, the local tax collecting unit  
7 shall remove the exemption of the property and the amount due from  
8 the land contract vendor, bank, credit union, or other lending  
9 institution shall be a tax so that the additional taxes, penalties,  
10 and interest shall be collected as provided for in this section. If  
11 payment of the tax under this subsection is not made by the March 1  
12 following the levy of the tax, the tax shall be turned over to the  
13 county treasurer and collected in the same manner as delinquent  
14 taxes under this act. An owner of property who previously occupied  
15 that property as his or her principal residence but now resides in  
16 a nursing home, assisted living facility, or, if residing there  
17 solely for purposes of convalescence, any other location may retain  
18 an exemption on that property if the owner manifests an intent to  
19 return to that property by satisfying all of the following  
20 conditions:

21 (a) The owner continues to own that property while residing in  
22 the nursing home, assisted living facility, or other location.

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

24 (c) The owner maintains or provides for the maintenance of  
25 that property while residing in the nursing home, assisted living  
26 facility, or other location.

27 (d) That property is not leased and is not used for any  
28 business or commercial purpose.

29 (6) Except as otherwise provided in subsections (5), (32), and



1 (33), if the assessor of the local tax collecting unit believes  
2 that the property for which an exemption is claimed is not the  
3 principal residence of the owner claiming the exemption, the  
4 assessor may deny a new or existing claim by notifying the owner  
5 and the department of treasury in writing of the reason for the  
6 denial and advising the owner that the denial may be appealed to  
7 the residential and small claims division of the Michigan tax  
8 tribunal within 35 days after the date of the notice. The assessor  
9 may deny a claim for exemption for the current year and for the 3  
10 immediately preceding calendar years. If the assessor denies an  
11 existing claim for exemption, the assessor shall remove the  
12 exemption of the property and, if the tax roll is in the local tax  
13 collecting unit's possession, amend the tax roll to reflect the  
14 denial and the local treasurer shall within 30 days of the date of  
15 the denial issue a corrected tax bill for any additional taxes with  
16 interest at the rate of 1.25% per month or fraction of a month and  
17 penalties computed from the date the taxes were last payable  
18 without interest or penalty. If the tax roll is in the county  
19 treasurer's possession, the tax roll shall be amended to reflect  
20 the denial and the county treasurer shall within 30 days of the  
21 date of the denial prepare and submit a supplemental tax bill for  
22 any additional taxes, together with interest at the rate of 1.25%  
23 per month or fraction of a month and penalties computed from the  
24 date the taxes were last payable without interest or penalty.  
25 Interest on any tax set forth in a corrected or supplemental tax  
26 bill shall again begin to accrue 60 days after the date the  
27 corrected or supplemental tax bill is issued at the rate of 1.25%  
28 per month or fraction of a month. Taxes levied in a corrected or  
29 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.

28 (7) If the assessor of the local tax collecting unit believes  
29 that the property for which the exemption is claimed is not the



1 principal residence of the owner claiming the exemption and has not  
2 denied the claim, the assessor shall include a recommendation for  
3 denial with any affidavit that is forwarded to the department of  
4 treasury or, for an existing claim, shall send a recommendation for  
5 denial to the department of treasury, stating the reasons for the  
6 recommendation.

7 (8) The department of treasury shall determine if the property  
8 is the principal residence of the owner claiming the exemption.  
9 Except as otherwise provided in subsection (21), the department of  
10 treasury may review the validity of exemptions for the current  
11 calendar year and for the 3 immediately preceding calendar years.  
12 Except as otherwise provided in subsections (5), (32), and (33), if  
13 the department of treasury determines that the property is not the  
14 principal residence of the owner claiming the exemption, the  
15 department shall send a notice of that determination to the local  
16 tax collecting unit and to the owner of the property claiming the  
17 exemption, indicating that the claim for exemption is denied,  
18 stating the reason for the denial, and advising the owner claiming  
19 the exemption of the right to appeal the determination to the  
20 department of treasury and what those rights of appeal are. The  
21 department of treasury may issue a notice denying a claim if an  
22 owner fails to respond within 30 days of receipt of a request for  
23 information from that department. An owner may appeal the denial of  
24 a claim of exemption to the department of treasury within 35 days  
25 of receipt of the notice of denial. An appeal to the department of  
26 treasury shall be conducted according to the provisions for an  
27 informal conference in section 21 of 1941 PA 122, MCL 205.21.  
28 Within 10 days after acknowledging an appeal of a denial of a claim  
29 of exemption, the department of treasury shall notify the assessor



1 and the treasurer for the county in which the property is located  
2 that an appeal has been filed. Upon receipt of a notice that the  
3 department of treasury has denied a claim for exemption, the  
4 assessor shall remove the exemption of the property and, if the tax  
5 roll is in the local tax collecting unit's possession, amend the  
6 tax roll to reflect the denial and the local treasurer shall within  
7 30 days of the date of the denial issue a corrected tax bill for  
8 any additional taxes with interest at the rate of 1.25% per month  
9 or fraction of a month and penalties computed from the date the  
10 taxes were last payable without interest and penalty. If the tax  
11 roll is in the county treasurer's possession, the tax roll shall be  
12 amended to reflect the denial and the county treasurer shall within  
13 30 days of the date of the denial prepare and submit a supplemental  
14 tax bill for any additional taxes, together with interest at the  
15 rate of 1.25% per month or fraction of a month and penalties  
16 computed from the date the taxes were last payable without interest  
17 or 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. The department of  
21 treasury may waive interest on any tax set forth in a corrected or  
22 supplemental tax bill for the current tax year and the immediately  
23 preceding 3 tax years if the assessor of the local tax collecting  
24 unit files with the department of treasury a sworn affidavit in a  
25 form prescribed by the department of treasury stating that the tax  
26 set forth in the corrected or supplemental tax bill is a result of  
27 the assessor's classification error or other error or the  
28 assessor's failure to rescind the exemption after the owner  
29 requested in writing that the exemption be rescinded. Taxes levied



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

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



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

27 (11) If a county elects to audit the exemptions claimed under  
28 this section as provided in subsection (10) and the county  
29 treasurer or his or her designee or the county equalization



1 director or his or her designee believes that the property for  
2 which an exemption is claimed is not the principal residence of the  
3 owner claiming the exemption, the county treasurer or his or her  
4 designee or the county equalization director or his or her designee  
5 may, except as otherwise provided in subsections (5), (32), and  
6 (33), deny an existing claim by notifying the owner, the assessor  
7 of the local tax collecting unit, and the department of treasury in  
8 writing of the reason for the denial and advising the owner that  
9 the denial may be appealed to the residential and small claims  
10 division of the Michigan tax tribunal within 35 days after the date  
11 of the notice. The county treasurer or his or her designee or the  
12 county equalization director or his or her designee may deny a  
13 claim for exemption for the current year and for the 3 immediately  
14 preceding calendar years. If the county treasurer or his or her  
15 designee or the county equalization director or his or her designee  
16 denies an existing claim for exemption, the county treasurer or his  
17 or her designee or the county equalization director or his or her  
18 designee shall direct the assessor of the local tax collecting unit  
19 in which the property is located to remove the exemption of the  
20 property from the assessment roll and, if the tax roll is in the  
21 local tax collecting unit's possession, direct the assessor of the  
22 local tax collecting unit to amend the tax roll to reflect the  
23 denial and the treasurer of the local tax collecting unit shall  
24 within 30 days of the date of the denial issue a corrected tax bill  
25 for any additional taxes with interest at the rate of 1.25% per  
26 month or fraction of a month and penalties computed from the date  
27 the taxes were last payable without interest and penalty. If the  
28 tax roll is in the county treasurer's possession, the tax roll  
29 shall be amended to reflect the denial and the county treasurer



1 shall within 30 days of the date of the denial prepare and submit a  
2 supplemental tax bill for any additional taxes, together with  
3 interest at the rate of 1.25% per month or fraction of a month and  
4 penalties computed from the date the taxes were last payable  
5 without interest or penalty. Interest on any tax set forth in a  
6 corrected or supplemental tax bill shall again begin to accrue 60  
7 days after the date the corrected or supplemental tax bill is  
8 issued at the rate of 1.25% per month or fraction of a month. Taxes  
9 levied in a corrected or supplemental tax bill shall be returned as  
10 delinquent on the March 1 in the year immediately succeeding the  
11 year in which the corrected or supplemental tax bill is issued. If  
12 the county treasurer or his or her designee or the county  
13 equalization director or his or her designee denies an existing  
14 claim for exemption, the interest due shall be distributed as  
15 provided in subsection (25). However, if the property has been  
16 transferred to a bona fide purchaser before additional taxes were  
17 billed to the seller as a result of the denial of a claim for  
18 exemption, the taxes, interest, and penalties shall not be a lien  
19 on the property and shall not be billed to the bona fide purchaser,  
20 and the local tax collecting unit if the local tax collecting unit  
21 has possession of the tax roll or the county treasurer if the  
22 county has possession of the tax roll shall notify the department  
23 of treasury of the amount of tax due and interest through the date  
24 of that notification. The department of treasury shall then assess  
25 the owner who claimed the exemption under this section for the tax  
26 and interest plus penalty accruing as a result of the denial of the  
27 claim for exemption, if any, as for unpaid taxes provided under  
28 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or  
29 penalty collected into the state school aid fund and shall



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

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

19 (13) An owner may appeal a denial by the assessor of the local  
20 tax collecting unit under subsection (6), a final decision of the  
21 department of treasury under subsection (8), or a denial by the  
22 county treasurer or his or her designee or the county equalization  
23 director or his or her designee under subsection (11) to the  
24 residential and small claims division of the Michigan tax tribunal  
25 within 35 days of that decision. An owner is not required to pay  
26 the amount of tax in dispute in order to appeal a denial of a claim  
27 of exemption to the department of treasury or to receive a final  
28 determination of the residential and small claims division of the  
29 Michigan tax tribunal. However, interest at the rate of 1.25% per



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

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

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

29 (16) Except as otherwise provided in subsection (30), if the



1 principal residence is part of a unit in a multiple-unit dwelling  
2 or a dwelling unit in a multiple-purpose structure, an owner shall  
3 claim an exemption for only that portion of the total taxable value  
4 of the property used as the principal residence of that owner in a  
5 manner prescribed by the department of treasury. If a portion of a  
6 parcel for which the owner claims an exemption is used for a  
7 purpose other than as a principal residence, the owner shall claim  
8 an exemption for only that portion of the taxable value of the  
9 property used as the principal residence of that owner in a manner  
10 prescribed by the department of treasury.

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

14 (18) The department of treasury shall make available the  
15 affidavit forms and the forms to rescind an exemption, which may be  
16 on the same form, to all city and township assessors, county  
17 equalization officers, county registers of deeds, and closing  
18 agents. A person who prepares a closing statement for the sale of  
19 property shall provide affidavit and rescission forms to the buyer  
20 and seller at the closing and, if requested by the buyer or seller  
21 after execution by the buyer or seller, shall file the forms with  
22 the local tax collecting unit in which the property is located. If  
23 a closing statement preparer fails to provide exemption affidavit  
24 and rescission forms to the buyer and seller, or fails to file the  
25 affidavit and rescission forms with the local tax collecting unit  
26 if requested by the buyer or seller, the buyer may appeal to the  
27 department of treasury within 30 days of notice to the buyer that  
28 an exemption was not recorded. If the department of treasury  
29 determines that the buyer qualifies for the exemption, the



1 department of treasury shall notify the assessor of the local tax  
 2 collecting unit that the exemption is granted and the assessor of  
 3 the local tax collecting unit or, if the tax roll is in the  
 4 possession of the county treasurer, the county treasurer shall  
 5 correct the tax roll to reflect the exemption. This subsection does  
 6 not create a cause of action at law or in equity against a closing  
 7 statement preparer who fails to provide exemption affidavit and  
 8 rescission forms to a buyer and seller or who fails to file the  
 9 affidavit and rescission forms with the local tax collecting unit  
 10 when requested to do so by the buyer or seller.

11 (19) An owner who owned and occupied a principal residence on  
 12 May 1 for taxes levied before January 1, 2012 for which the  
 13 exemption was not on the tax roll may file an appeal with the July  
 14 board of review or December board of review in the year for which  
 15 the exemption was claimed or the immediately succeeding 3 years.  
 16 For taxes levied after December 31, 2011, an owner who owned and  
 17 occupied a principal residence on June 1 or November 1 for which  
 18 the exemption was not on the tax roll, or an owner of property who  
 19 previously occupied that property as his or her principal residence  
 20 but did not occupy that property on June 1 or November 1 while  
 21 residing in a nursing home, assisted living facility, or other  
 22 location under the circumstances described in subsection (5) (a) to  
 23 (d), while absent on active duty as a member of any branch of the  
 24 Armed Forces of the United States, including the Coast Guard, a  
 25 reserve component of any branch of the Armed Forces of the United  
 26 States, or the National Guard, under the circumstances described in  
 27 subsection (32) (a) to (d), or while absent due to the damage or  
 28 destruction of the principal residence under the circumstances  
 29 described in subsection (33) (a) to (d), for which the exemption was



1 not on the tax roll, may file an appeal with the July board of  
2 review or December board of review in the year for which the  
3 exemption was claimed or the immediately succeeding 3 years. If an  
4 appeal of a claim for exemption that was not on the tax roll is  
5 received not later than 5 days before the date of the December  
6 board of review, the local tax collecting unit shall convene a  
7 December board of review and consider the appeal pursuant to this  
8 section and section 53b.

9 (20) An owner who owned and occupied a principal residence  
10 within the time period prescribed in subsection (2) in any year  
11 before the 3 immediately preceding tax years for which the  
12 exemption was not on the tax roll as a result of a qualified error  
13 on the part of the local tax collecting unit may file a request for  
14 the exemption for those tax years with the department of treasury.  
15 The request for the exemption shall be in a form prescribed by the  
16 department of treasury and shall include all documentation the  
17 department of treasury considers necessary to consider the request  
18 and to correct any affected official records if a qualified error  
19 on the part of the local tax collecting unit is recognized and an  
20 exemption is granted. If the department of treasury denies a  
21 request for the exemption under this subsection, the owner is  
22 responsible for all costs related to the request as determined by  
23 the department of treasury. If the department of treasury grants a  
24 request for the exemption under this subsection and the exemption  
25 results in an overpayment of the tax in the years under  
26 consideration, the department of treasury shall notify the  
27 treasurer of the local tax collecting unit, the county treasurer,  
28 and other affected officials of the error and the granting of the  
29 request for the exemption and all affected official records shall



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

15 (21) If an owner of property received a principal residence  
 16 exemption to which that owner was not entitled in any year before  
 17 the 3 immediately preceding tax years, as a result of a qualified  
 18 error on the part of the local tax collecting unit, the department  
 19 of treasury may deny the principal residence exemption as provided  
 20 in subsection (8). If the department of treasury denies an  
 21 exemption under this subsection, the owner shall be issued a  
 22 corrected or supplemental tax bill as provided in subsection (8),  
 23 except interest shall not accrue until 60 days after the date the  
 24 corrected or supplemental tax bill is issued. A local tax  
 25 collecting unit responsible for a qualified error under this  
 26 subsection shall reimburse each county treasurer and other affected  
 27 local official required to correct official records under this  
 28 subsection for the costs incurred in complying with this  
 29 subsection.



1           (22) If the assessor or treasurer of the local tax collecting  
2 unit believes that the department of treasury erroneously denied a  
3 claim for exemption, the assessor or treasurer may submit written  
4 information supporting the owner's claim for exemption to the  
5 department of treasury within 35 days of the owner's receipt of the  
6 notice denying the claim for exemption. If, after reviewing the  
7 information provided, the department of treasury determines that  
8 the claim for exemption was erroneously denied, the department of  
9 treasury shall grant the exemption and the tax roll shall be  
10 amended to reflect the exemption.

11           (23) If granting the exemption under this section results in  
12 an overpayment of the tax, a rebate, including any interest paid,  
13 shall be made to the taxpayer by the local tax collecting unit if  
14 the local tax collecting unit has possession of the tax roll or by  
15 the county treasurer if the county has possession of the tax roll  
16 within 30 days of the date the exemption is granted. The rebate  
17 shall be without interest. If an exemption for property classified  
18 as timber-cutover real property is granted under this section for  
19 the 2008 or 2009 tax year, the tax roll shall be corrected and any  
20 delinquent and unpaid penalty, interest, and tax resulting from  
21 that property not having been exempt under this section for the  
22 2008 or 2009 tax year shall be waived.

23           (24) If an exemption under this section is erroneously granted  
24 for an affidavit filed before October 1, 2003, an owner may request  
25 in writing that the department of treasury withdraw the exemption.  
26 The request to withdraw the exemption shall be received not later  
27 than November 1, 2003. If an owner requests that an exemption be  
28 withdrawn, the department of treasury shall issue an order  
29 notifying the local assessor that the exemption issued under this



1 section has been denied based on the owner's request. If an  
 2 exemption is withdrawn, the property that had been subject to that  
 3 exemption shall be immediately placed on the tax roll by the local  
 4 tax collecting unit if the local tax collecting unit has possession  
 5 of the tax roll or by the county treasurer if the county has  
 6 possession of the tax roll as though the exemption had not been  
 7 granted. A corrected tax bill shall be issued for the tax year  
 8 being adjusted by the local tax collecting unit if the local tax  
 9 collecting unit has possession of the tax roll or by the county  
 10 treasurer if the county has possession of the tax roll. Unless a  
 11 denial has been issued before July 1, 2003, if an owner requests  
 12 that an exemption under this section be withdrawn and that owner  
 13 pays the corrected tax bill issued under this subsection within 30  
 14 days after the corrected tax bill is issued, that owner is not  
 15 liable for any penalty or interest on the additional tax. An owner  
 16 who pays a corrected tax bill issued under this subsection more  
 17 than 30 days after the corrected tax bill is issued is liable for  
 18 the penalties and interest that would have accrued if the exemption  
 19 had not been granted from the date the taxes were originally  
 20 levied.

21 (25) Subject to subsection (26), interest at the rate of 1.25%  
 22 per month or fraction of a month collected under subsection (6),  
 23 (8), or (11) shall be distributed as follows:

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

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

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

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

29 (b) If the department of treasury denies the exemption under



1 this section, as follows:

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

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

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

5 (c) If the county treasurer or his or her designee or the  
6 county equalization director or his or her designee denies the  
7 exemption under this section, as follows:

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

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

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

11 (26) Interest distributed under subsection (25) is subject to  
12 the following conditions:

13 (a) Interest distributed to a county shall be deposited into a  
14 restricted fund to be used solely for the administration of  
15 exemptions under this section. Money in that restricted fund shall  
16 lapse to the county general fund on the December 31 in the year 3  
17 years after the first distribution of interest to the county under  
18 subsection (25) and on each succeeding December 31 thereafter.

19 (b) Interest distributed to the department of treasury shall  
20 be deposited into the principal residence property tax exemption  
21 audit fund, which is created within the state treasury. The state  
22 treasurer may receive money or other assets from any source for  
23 deposit into the fund. The state treasurer shall direct the  
24 investment of the fund. The state treasurer shall credit to the  
25 fund interest and earnings from fund investments. Money in the fund  
26 shall be considered a work project account and at the close of the  
27 fiscal year shall remain in the fund and shall not lapse to the  
28 general fund. Money from the fund shall be expended, upon  
29 appropriation, only for the purpose of auditing exemption



1 affidavits.

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

5 (28) A cooperative housing corporation is entitled to a full  
6 or partial exemption under this section for the tax year in which  
7 the cooperative housing corporation files all of the following with  
8 the local tax collecting unit in which the cooperative housing  
9 corporation is located if filed within the time period prescribed  
10 in subsection (2):

11 (a) An affidavit form.

12 (b) A statement of the total number of units owned by the  
13 cooperative housing corporation and occupied as the principal  
14 residence of a tenant stockholder as of the date of the filing  
15 under this subsection.

16 (c) A list that includes the name, address, and ~~social~~  
17 ~~security~~ **Social Security** number of each tenant stockholder of the  
18 cooperative housing corporation occupying a unit in the cooperative  
19 housing corporation as his or her principal residence as of the  
20 date of the filing under this subsection.

21 (d) A statement of the total number of units of the  
22 cooperative housing corporation on which an exemption under this  
23 section was claimed and that were transferred in the tax year  
24 immediately preceding the tax year in which the filing under this  
25 section was made.

26 (29) Before May 1, 2004 and before May 1, 2005, the treasurer  
27 of each county shall forward to the department of education a  
28 statement of the taxable value of each school district and fraction  
29 of a school district within the county for the preceding 4 calendar



1 years. This requirement is in addition to the requirement set forth  
2 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL  
3 388.1751.

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

8 (a) Add all of the following:

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

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

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

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

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

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

26 (31) The owner claiming an exemption under this section for  
27 property open and available as a bed and breakfast shall file an  
28 affidavit claiming the exemption within the time period prescribed  
29 in subsection (2) with the local tax collecting unit in which the



1 property is located. The affidavit shall be in a form prescribed by  
2 the department of treasury.

3 (32) An owner of property who previously occupied that  
4 property as his or her principal residence but now is absent while  
5 on active duty as a member of any branch of the Armed Forces of the  
6 United States, including the Coast Guard, a reserve component of  
7 any branch of the Armed Forces of the United States, or the  
8 National Guard, may retain an exemption on that property if the  
9 owner manifests an intent to return to that property by satisfying  
10 all of the following conditions:

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

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

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

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

24 (33) If an owner of property who previously claimed and  
25 occupied the property as his or her principal residence has vacated  
26 because the principal residence was damaged or destroyed by an  
27 accident, act of God, or act of another person without the owner's  
28 consent, including, but not limited to, a fire caused by accident,  
29 act of God, or act of another person without the owner's consent,



1 that owner may retain an exemption on that property for not longer  
2 than the tax year during which the damage or destruction occurred  
3 and the immediately succeeding 2 tax years if the owner manifests  
4 an intent to return to that property by satisfying all of the  
5 following conditions:

6 (a) The owner continues to own that property while absent  
7 because of the damage or destruction of the principal residence.

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

9 (c) The owner provides for the reconstruction of the principal  
10 residence for purposes of occupying it upon its completion as his  
11 or her principal residence.

12 (d) The property is not occupied, is not leased, and is not  
13 used for any business or commercial purpose.

14 (34) As used in this section:

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

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

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

22 (iii) Has a smoke detector in proper working order in each  
23 sleeping room and a fire extinguisher in proper working order on  
24 each floor.

25 (b) "Business or commercial purpose" means commercial purpose  
26 as that term is defined in section 27a.

27 (c) "Common area" includes, but is not limited to, a kitchen,  
28 dining room, living room, fitness room, porch, hallway, laundry  
29 room, or bathroom that is available for use by guests of a bed and



1 breakfast or, unless guests are specifically prohibited from access  
2 to the area, an area that is used to provide a service to guests of  
3 a bed and breakfast.

4 (d) "Qualified error" means that term as defined in section  
5 53b.