

HOUSE 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~~ **within the**
 18 **time period prescribed in subsection (2)** for which the exemption
 19 was not on the tax roll, or an owner of property who previously
 20 occupied that property as his or her principal residence but did
 21 not occupy that property ~~on June 1 or November 1~~ **within the time**
 22 **period prescribed in subsection (2)** while residing in a nursing
 23 home, assisted living facility, or other location under the
 24 circumstances described in subsection (5)(a) to (d), while absent
 25 on active duty as a member of any branch of the Armed Forces of the
 26 United States, including the Coast Guard, a reserve component of
 27 any branch of the Armed Forces of the United States, or the
 28 National Guard, under the circumstances described in subsection
 29 (32)(a) to (d), or while absent due to the damage or destruction of



1 the principal residence under the circumstances described in
 2 subsection (33)(a) to (d), for which the exemption was not on the
 3 tax roll, may file an appeal with the July board of review or
 4 December board of review in the year for which the exemption was
 5 claimed or the immediately succeeding 3 years. If an appeal of a
 6 claim for exemption that was not on the tax roll is received not
 7 later than 5 days before the date of the December board of review,
 8 the local tax collecting unit shall convene a December board of
 9 review and consider the appeal pursuant to this section and section
 10 53b. **For the 2020 tax year only, an affidavit filed on or before**
 11 **June 30, 2020 shall be processed by the assessor in accordance with**
 12 **subsection (4), and if granting the exemption results in an**
 13 **overpayment, a rebate shall be made to the taxpayer in the manner**
 14 **prescribed in subsection (23).**

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



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

21 (21) If an owner of property received a principal residence
22 exemption to which that owner was not entitled in any year before
23 the 3 immediately preceding tax years, as a result of a qualified
24 error on the part of the local tax collecting unit, the department
25 of treasury may deny the principal residence exemption as provided
26 in subsection (8). If the department of treasury denies an
27 exemption under this subsection, the owner shall be issued a
28 corrected or supplemental tax bill as provided in subsection (8),
29 except interest shall not accrue until 60 days after the date the



1 corrected or supplemental tax bill is issued. A local tax
2 collecting unit responsible for a qualified error under this
3 subsection shall reimburse each county treasurer and other affected
4 local official required to correct official records under this
5 subsection for the costs incurred in complying with this
6 subsection.

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

17 (23) If granting the exemption under this section results in
18 an overpayment of the tax, a rebate, including any interest paid,
19 shall be made to the taxpayer by the local tax collecting unit if
20 the local tax collecting unit has possession of the tax roll or by
21 the county treasurer if the county has possession of the tax roll
22 within 30 days of the date the exemption is granted. The rebate
23 shall be without interest. If an exemption for property classified
24 as timber-cutover real property is granted under this section for
25 the 2008 or 2009 tax year, the tax roll shall be corrected and any
26 delinquent and unpaid penalty, interest, and tax resulting from
27 that property not having been exempt under this section for the
28 2008 or 2009 tax year shall be waived.

29 (24) If an exemption under this section is erroneously granted



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

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



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

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

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

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

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

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

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

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

11 (c) If the county treasurer or his or her designee or the
12 county equalization director or his or her designee denies the
13 exemption under this section, as follows:

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

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

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

17 (26) Interest distributed under subsection (25) is subject to
18 the following conditions:

19 (a) Interest distributed to a county shall be deposited into a
20 restricted fund to be used solely for the administration of
21 exemptions under this section. Money in that restricted fund shall
22 lapse to the county general fund on the December 31 in the year 3
23 years after the first distribution of interest to the county under
24 subsection (25) and on each succeeding December 31 thereafter.

25 (b) Interest distributed to the department of treasury shall
26 be deposited into the principal residence property tax exemption
27 audit fund, which is created within the state treasury. The state
28 treasurer may receive money or other assets from any source for



1 deposit into the fund. The state treasurer shall direct the
2 investment of the fund. The state treasurer shall credit to the
3 fund interest and earnings from fund investments. Money in the fund
4 shall be considered a work project account and at the close of the
5 fiscal year shall remain in the fund and shall not lapse to the
6 general fund. Money from the fund shall be expended, upon
7 appropriation, only for the purpose of auditing exemption
8 affidavits.

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

12 (28) A cooperative housing corporation is entitled to a full
13 or partial exemption under this section for the tax year in which
14 the cooperative housing corporation files all of the following with
15 the local tax collecting unit in which the cooperative housing
16 corporation is located if filed within the time period prescribed
17 in subsection (2):

18 (a) An affidavit form.

19 (b) A statement of the total number of units owned by the
20 cooperative housing corporation and occupied as the principal
21 residence of a tenant stockholder as of the date of the filing
22 under this subsection.

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

28 (d) A statement of the total number of units of the
29 cooperative housing corporation on which an exemption under this



1 section was claimed and that were transferred in the tax year
2 immediately preceding the tax year in which the filing under this
3 section was made.

4 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
5 of each county shall forward to the department of education a
6 statement of the taxable value of each school district and fraction
7 of a school district within the county for the preceding 4 calendar
8 years. This requirement is in addition to the requirement set forth
9 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
10 388.1751.

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

15 (a) Add all of the following:

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

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

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

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

26 (B) Multiply the result of the calculation in sub-subparagraph
27 (A) by a fraction, the numerator of which is the number of
28 consecutive days in the immediately preceding 12-month period that
29 the property was not open and available for use as a bed and



1 breakfast and the denominator of which is 365.

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

4 (31) The owner claiming an exemption under this section for
5 property open and available as a bed and breakfast shall file an
6 affidavit claiming the exemption within the time period prescribed
7 in subsection (2) with the local tax collecting unit in which the
8 property is located. The affidavit shall be in a form prescribed by
9 the department of treasury.

10 (32) An owner of property who previously occupied that
11 property as his or her principal residence but now is absent while
12 on 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, may retain an exemption on that property if the
16 owner manifests an intent to return to that property by satisfying
17 all of the following conditions:

18 (a) The owner continues to own that property while absent on
19 active duty as a member of any branch of the Armed Forces of the
20 United States, including the Coast Guard, a reserve component of
21 any branch of the Armed Forces of the United States, or the
22 National Guard.

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 absent on active duty as a member of any branch
26 of the Armed Forces of the United States, including the Coast
27 Guard, a reserve component of any branch of the Armed Forces of the
28 United States, or the National Guard.

29 (d) That property is not used for any business or commercial



1 purpose except as provided in section 7dd(c).

2 (33) If an owner of property who previously claimed and
 3 occupied the property as his or her principal residence has vacated
 4 because the principal residence was damaged or destroyed by an
 5 accident, act of God, or act of another person without the owner's
 6 consent, including, but not limited to, a fire caused by accident,
 7 act of God, or act of another person without the owner's consent,
 8 that owner may retain an exemption on that property for not longer
 9 than the tax year during which the damage or destruction occurred
 10 and the immediately succeeding 2 tax years if the owner manifests
 11 an intent to return to that property by satisfying all of the
 12 following conditions:

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

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

16 (c) The owner provides for the reconstruction of the principal
 17 residence for purposes of occupying it upon its completion as his
 18 or her principal residence.

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

21 (34) As used in this section:

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

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

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

29 (iii) Has a smoke detector in proper working order in each



1 sleeping room and a fire extinguisher in proper working order on
2 each floor.

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

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

11 (d) "Qualified error" means that term as defined in section
12 53b.

