

SENATE BILL NO. 940

May 21, 2020, Introduced by Senator VICTORY and referred to the Committee on Finance.

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

1 claims an exemption as provided in this section. Notwithstanding
2 the tax day provided in section 2, the status of property as a
3 principal residence shall be determined on the date an affidavit
4 claiming an exemption is filed under subsection (2).

5 (2) Except as otherwise provided in subsection (5), an owner
6 of property may claim 1 exemption under this section by filing an
7 affidavit on or before May 1 for taxes levied before January 1,
8 2012 or, for taxes levied after December 31, 2011, **except as**
9 **otherwise provided in subsection (34)**, on or before June 1 for the
10 immediately succeeding summer tax levy and all subsequent tax
11 levies or on or before November 1 for the immediately succeeding
12 winter tax levy and all subsequent tax levies with the local tax
13 collecting unit in which the property is located. The affidavit
14 shall state that the property is owned and occupied as a principal
15 residence by that owner of the property on the date that the
16 affidavit is signed and shall state that the owner has not claimed
17 a substantially similar exemption, deduction, or credit on property
18 in another state. The affidavit shall be on a form prescribed by
19 the department of treasury. One copy of the affidavit shall be
20 retained by the owner and 1 copy shall be retained by the local tax
21 collecting unit, together with all information submitted under
22 subsection (28) for a cooperative housing corporation. The local
23 tax collecting unit shall forward to the department of treasury a
24 copy of the affidavit and any information submitted under
25 subsection (28) upon a request from the department of treasury. The
26 affidavit shall require the owner claiming the exemption to
27 indicate if that owner or that owner's spouse has claimed another
28 exemption on property in this state that is not rescinded or a
29 substantially similar exemption, deduction, or credit on property

1 in another state that is not rescinded. If the affidavit requires
2 an owner to include a ~~social security~~ **Social Security** number, that
3 owner's number is subject to the disclosure restrictions in 1941 PA
4 122, MCL 205.1 to 205.31. If an owner of property filed an
5 affidavit for an exemption under this section before January 1,
6 2004, that affidavit shall be considered the affidavit required
7 under this subsection for a principal residence exemption and that
8 exemption shall remain in effect until rescinded as provided in
9 this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
2 deposited in the state school aid fund established in section 11 of
3 article IX of the state constitution of 1963. This penalty may be
4 waived by the department of treasury. If a land contract vendor,
5 bank, credit union, or other lending institution retains an
6 exemption on property under this subsection, that land contract
7 vendor, bank, credit union, or other lending institution shall pay
8 an amount equal to the additional amount that land contract vendor,
9 bank, credit union, or other lending institution would have paid
10 under section 1211 of the revised school code, 1976 PA 451, MCL
11 380.1211, if an exemption had not been retained on that property,
12 together with an administration fee equal to the property tax
13 administration fee imposed under section 44. The payment required
14 under this subsection shall be collected by the local tax
15 collecting unit at the same time and in the same manner as taxes
16 collected under this act. The administration fee shall be retained
17 by the local tax collecting unit. The amount collected that the
18 land contract vendor, bank, credit union, or other lending
19 institution would have paid under section 1211 of the revised
20 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
21 been retained on that property is an amount that is not captured by
22 any authority as tax increment revenues and shall be distributed to
23 the department of treasury monthly for deposit into the state
24 school aid fund established in section 11 of article IX of the
25 state constitution of 1963. If a land contract vendor, bank, credit
26 union, or other lending institution transfers ownership of property
27 for which an exemption is retained under this subsection, that land
28 contract vendor, bank, credit union, or other lending institution
29 shall rescind the exemption as provided in this section and shall

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

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

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

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

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

3 (6) Except as otherwise provided in subsections (5), (32), and
4 (33), if the assessor of the local tax collecting unit believes
5 that the property for which an exemption is claimed is not the
6 principal residence of the owner claiming the exemption, the
7 assessor may deny a new or existing claim by notifying the owner
8 and the department of treasury in writing of the reason for the
9 denial and advising the owner that the denial may be appealed to
10 the residential and small claims division of the Michigan tax
11 tribunal within 35 days after the date of the notice. The assessor
12 may deny a claim for exemption for the current year and for the 3
13 immediately preceding calendar years. If the assessor denies an
14 existing claim for exemption, the assessor shall remove the
15 exemption of the property and, if the tax roll is in the local tax
16 collecting unit's possession, amend the tax roll to reflect the
17 denial and the local treasurer shall within 30 days of the date of
18 the denial issue a corrected tax bill for any additional taxes with
19 interest at the rate of 1.25% per month or fraction of a month and
20 penalties computed from the date the taxes were last payable
21 without interest or penalty. If the tax roll is in the county
22 treasurer's possession, the tax roll shall be amended to reflect
23 the denial and the county treasurer shall within 30 days of the
24 date of the denial prepare and submit a supplemental tax bill for
25 any additional taxes, together with interest at the rate of 1.25%
26 per month or fraction of a month and penalties computed from the
27 date the taxes were last payable without interest or penalty.
28 Interest on any tax set forth in a corrected or supplemental tax
29 bill shall again begin to accrue 60 days after the date the

1 corrected or supplemental tax bill is issued at the rate of 1.25%
2 per month or fraction of a month. Taxes levied in a corrected or
3 supplemental tax bill shall be returned as delinquent on the March
4 1 in the year immediately succeeding the year in which the
5 corrected or supplemental tax bill is issued. If the assessor
6 denies an existing claim for exemption, the interest due shall be
7 distributed as provided in subsection (25). However, if the
8 property has been transferred to a bona fide purchaser before
9 additional taxes were billed to the seller as a result of the
10 denial of a claim for exemption, the taxes, interest, and penalties
11 shall not be a lien on the property and shall not be billed to the
12 bona fide purchaser, and the local tax collecting unit if the local
13 tax collecting unit has possession of the tax roll or the county
14 treasurer if the county has possession of the tax roll shall notify
15 the department of treasury of the amount of tax due, interest, and
16 penalties through the date of that notification. The department of
17 treasury shall then assess the owner who claimed the exemption
18 under this section for the tax, interest, and penalties accruing as
19 a result of the denial of the claim for exemption, if any, as for
20 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
21 shall deposit any tax or penalty collected into the state school
22 aid fund and shall distribute any interest collected as provided in
23 subsection (25). The denial shall be made on a form prescribed by
24 the department of treasury. If the property for which the assessor
25 has denied a claim for exemption under this subsection is located
26 in a county in which the county treasurer or the county
27 equalization director have elected to audit exemptions under
28 subsection (10), the assessor shall notify the county treasurer or
29 the county equalization director of the denial under this

1 subsection.

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

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

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

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

25 (9) The department of treasury may enter into an agreement
26 regarding the implementation or administration of subsection (8)
27 with the assessor of any local tax collecting unit in a county that
28 has not elected to audit exemptions claimed under this section as
29 provided in subsection (10). The agreement may specify that for a

1 period of time, not to exceed 120 days, the department of treasury
2 will not deny an exemption identified by the department of treasury
3 in the list provided under subsection (11).

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

1 (11) If a county elects to audit the exemptions claimed under
2 this section as provided in subsection (10) and the county
3 treasurer or his or her designee or the county equalization
4 director or his or her designee believes that the property for
5 which an exemption is claimed is not the principal residence of the
6 owner claiming the exemption, the county treasurer or his or her
7 designee or the county equalization director or his or her designee
8 may, except as otherwise provided in subsections (5), (32), and
9 (33), deny an existing claim by notifying the owner, the assessor
10 of the local tax collecting unit, and the department of treasury in
11 writing of the reason for the denial and advising the owner that
12 the denial may be appealed to the residential and small claims
13 division of the Michigan tax tribunal within 35 days after the date
14 of the notice. The county treasurer or his or her designee or the
15 county equalization director or his or her designee may deny a
16 claim for exemption for the current year and for the 3 immediately
17 preceding calendar years. If the county treasurer or his or her
18 designee or the county equalization director or his or her designee
19 denies an existing claim for exemption, the county treasurer or his
20 or her designee or the county equalization director or his or her
21 designee shall direct the assessor of the local tax collecting unit
22 in which the property is located to remove the exemption of the
23 property from the assessment roll and, if the tax roll is in the
24 local tax collecting unit's possession, direct the assessor of the
25 local tax collecting unit to amend the tax roll to reflect the
26 denial and the treasurer of the local tax collecting unit shall
27 within 30 days of the date of the denial issue a corrected tax bill
28 for any additional taxes with interest at the rate of 1.25% per
29 month or fraction of a month and penalties computed from the date

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

1 claim for exemption, if any, as for unpaid taxes provided under
2 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
3 penalty collected into the state school aid fund and shall
4 distribute any interest collected as provided in subsection (25).
5 The department of treasury shall annually provide the county
6 treasurer or his or her designee or the county equalization
7 director or his or her designee a list of parcels of property
8 located in that county for which an exemption may be erroneously
9 claimed. The county treasurer or his or her designee or the county
10 equalization director or his or her designee shall forward copies
11 of the list provided by the department of treasury to each assessor
12 in each local tax collecting unit in that county within 10 days of
13 receiving the list.

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

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

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

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

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

1 be imposed for a year for which a rescission form has been timely
2 filed under subsection (5).

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

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

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

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

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

1 subsection (32) (a) to (d), or while absent due to the damage or
2 destruction of the principal residence under the circumstances
3 described in subsection (33) (a) to (d), for which the exemption was
4 not on the tax roll, may file an appeal with the July board of
5 review or December board of review in the year for which the
6 exemption was claimed or the immediately succeeding 3 years. If an
7 appeal of a claim for exemption that was not on the tax roll is
8 received not later than 5 days before the date of the December
9 board of review, the local tax collecting unit shall convene a
10 December board of review and consider the appeal pursuant to this
11 section and section 53b.

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

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

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

1 local official required to correct official records under this
2 subsection for the costs incurred in complying with this
3 subsection.

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

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

26 (24) If an exemption under this section is erroneously granted
27 for an affidavit filed before October 1, 2003, an owner may request
28 in writing that the department of treasury withdraw the exemption.
29 The request to withdraw the exemption shall be received not later

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

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

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

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

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

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

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

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

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

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

8 (c) If the county treasurer or his or her designee or the
9 county equalization director or his or her designee denies the
10 exemption under this section, as follows:

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

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

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

14 (26) Interest distributed under subsection (25) is subject to
15 the following conditions:

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

22 (b) Interest distributed to the department of treasury shall
23 be deposited into the principal residence property tax exemption
24 audit fund, which is created within the state treasury. The state
25 treasurer may receive money or other assets from any source for
26 deposit into the fund. The state treasurer shall direct the
27 investment of the fund. The state treasurer shall credit to the
28 fund interest and earnings from fund investments. Money in the fund
29 shall be considered a work project account and at the close of the

1 fiscal year shall remain in the fund and shall not lapse to the
2 general fund. Money from the fund shall be expended, upon
3 appropriation, only for the purpose of auditing exemption
4 affidavits.

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

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

14 (a) An affidavit form.

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

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

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

29 (29) Before May 1, 2004 and before May 1, 2005, the treasurer

1 of each county shall forward to the department of education a
2 statement of the taxable value of each school district and fraction
3 of a school district within the county for the preceding 4 calendar
4 years. This requirement is in addition to the requirement set forth
5 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
6 388.1751.

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

11 (a) Add all of the following:

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

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

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

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

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

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

29 (31) The owner claiming an exemption under this section for

1 property open and available as a bed and breakfast shall file an
2 affidavit claiming the exemption within the time period prescribed
3 in subsection (2) with the local tax collecting unit in which the
4 property is located. The affidavit shall be in a form prescribed by
5 the department of treasury.

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

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

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

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

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

27 (33) If an owner of property who previously claimed and
28 occupied the property as his or her principal residence has vacated
29 because the principal residence was damaged or destroyed by an

1 accident, act of God, or act of another person without the owner's
 2 consent, including, but not limited to, a fire caused by accident,
 3 act of God, or act of another person without the owner's consent,
 4 that owner may retain an exemption on that property for not longer
 5 than the tax year during which the damage or destruction occurred
 6 and the immediately succeeding 2 tax years if the owner manifests
 7 an intent to return to that property by satisfying all of the
 8 following conditions:

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

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

12 (c) The owner provides for the reconstruction of the principal
 13 residence for purposes of occupying it upon its completion as his
 14 or her principal residence.

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

17 **(34) Notwithstanding any provision of this section to the**
 18 **contrary, an owner of property claiming an exemption under this**
 19 **section applicable to the 2020 summer tax levy and all subsequent**
 20 **tax levies may have until July 1, 2020 to file the affidavit**
 21 **described in subsection (2) if that owner could not occupy the**
 22 **property before June 1, 2020 because of a delay caused by the stay-**
 23 **at-home aspects of Executive Order No. 2020-77 or any other similar**
 24 **order, proclamation, or directive issued in response to the COVID-**
 25 **19 pandemic.**

26 **(35) ~~(34)~~As used in this section:**

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

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

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

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

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

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

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