

HOUSE BILL No. 4363

March 1, 2007, Introduced by Reps. Shaffer, Rick Jones, Palsrok, LaJoy, Pearce, Stahl, Hune, Nitz, Ball, Booher, Caul, Proos, Amos, Sheen and Meekhof and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2006 PA 664.

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) An owner of property may claim an exemption under this
10 section by filing an affidavit on or before May 1 with the local

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14 rescinded or a substantially similar exemption, deduction, or
15 credit on property in another state that is not rescinded.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22 exemption shall remain in effect until rescinded as provided in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

24 (3) A husband and wife who are required to file or who do file
25 a joint Michigan income tax return are entitled to not more than 1
26 exemption under this section. For taxes levied after December 31,
27 2002, a person is not entitled to an exemption under this section

1 if any of the following conditions occur:

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4 rescinded.

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

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

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

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

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

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

1 property.

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

13 (5) Not more than 90 days after exempted property is no longer
14 used as a principal residence by the owner claiming an exemption,
15 that owner shall rescind the claim of exemption by filing with the
16 local tax collecting unit a rescission form prescribed by the
17 department of treasury. An owner who fails to file a rescission as
18 required by this subsection is subject to a penalty of \$5.00 per
19 day for each separate failure beginning after the 90 days have
20 elapsed, up to a maximum of \$200.00. This penalty shall be
21 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
22 deposited in the state school aid fund established in section 11 of
23 article IX of the state constitution of 1963. This penalty may be
24 waived by the department of treasury.

25 (6) If the assessor of the local tax collecting unit believes
26 that the property for which an exemption is claimed is not the
27 principal residence of the owner claiming the exemption, the

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

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

27 (7) If the assessor of the local tax collecting unit believes

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

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

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

1 before additional taxes were billed to the seller as a result of
2 the denial of a claim for exemption, the taxes, interest, and
3 penalties shall not be a lien on the property and shall not be
4 billed to the bona fide purchaser, and the local tax collecting
5 unit if the local tax collecting unit has possession of the tax
6 roll or the county treasurer if the county has possession of the
7 tax roll shall notify the department of treasury of the amount of
8 tax due and interest through the date of that notification. The
9 department of treasury shall then assess the owner who claimed the
10 exemption under this section for the tax and interest plus penalty
11 accruing as a result of the denial of the claim for exemption, if
12 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
13 205.31, and shall deposit any tax or penalty collected into the
14 state school aid fund and shall distribute any interest collected
15 as provided in subsection (23).

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

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

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

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

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

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

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

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

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

1 Michigan tax tribunal. However, interest at the rate of 1.25% per
2 month or fraction of a month and penalties shall accrue and be
3 computed from the date the taxes were last payable without interest
4 and penalty. If the residential and small claims division of the
5 Michigan tax tribunal grants an owner's appeal of a denial and that
6 owner has paid the interest due as a result of a denial under
7 subsection (6), (8), or (11), the interest received after a
8 distribution was made under subsection (23) shall be refunded.

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

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

1 subsection (5).

2 (16) Except as otherwise provided in subsection (28), if the
3 principal residence is part of a unit in a multiple-unit dwelling
4 or a dwelling unit in a multiple-purpose structure, an owner shall
5 claim an exemption for only that portion of the total taxable value
6 of the property used as the principal residence of that owner in a
7 manner prescribed by the department of treasury. If a portion of a
8 parcel for which the owner claims an exemption is used for a
9 purpose other than as a principal residence, the owner shall claim
10 an exemption for only that portion of the taxable value of the
11 property used as the principal residence of that owner in a manner
12 prescribed by the department of treasury.

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

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

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

15 (19) An owner who owned and occupied a principal residence on
16 May 1 for which the exemption was not on the tax roll may file an
17 appeal with the July board of review or December board of review in
18 the year for which the exemption was claimed or the immediately
19 succeeding 3 years. If an appeal of a claim for exemption that was
20 not on the tax roll is received not later than 5 days prior to the
21 date of the December board of review, the local tax collecting unit
22 shall convene a December board of review and consider the appeal
23 pursuant to this section and section 53b.

24 (20) If the assessor or treasurer of the local tax collecting
25 unit believes that the department of treasury erroneously denied a
26 claim for exemption, the assessor or treasurer may submit written
27 information supporting the owner's claim for exemption to the

1 department of treasury within 35 days of the owner's receipt of the
2 notice denying the claim for exemption. If, after reviewing the
3 information provided, the department of treasury determines that
4 the claim for exemption was erroneously denied, the department of
5 treasury shall grant the exemption and the tax roll shall be
6 amended to reflect the exemption.

7 (21) If granting the exemption under this section results in
8 an overpayment of the tax, a rebate, including any interest paid,
9 shall be made to the taxpayer by the local tax collecting unit if
10 the local tax collecting unit has possession of the tax roll or by
11 the county treasurer if the county has possession of the tax roll
12 within 30 days of the date the exemption is granted. The rebate
13 shall be without interest.

14 (22) If an exemption under this section is erroneously granted
15 for an affidavit filed before October 1, 2003, an owner may request
16 in writing that the department of treasury withdraw the exemption.
17 The request to withdraw the exemption shall be received not later
18 than November 1, 2003. If an owner requests that an exemption be
19 withdrawn, the department of treasury shall issue an order
20 notifying the local assessor that the exemption issued under this
21 section has been denied based on the owner's request. If an
22 exemption is withdrawn, the property that had been subject to that
23 exemption shall be immediately placed on the tax roll by the local
24 tax collecting unit if the local tax collecting unit has possession
25 of the tax roll or by the county treasurer if the county has
26 possession of the tax roll as though the exemption had not been
27 granted. A corrected tax bill shall be issued for the tax year

1 being adjusted by the local tax collecting unit if the local tax
2 collecting unit has possession of the tax roll or by the county
3 treasurer if the county has possession of the tax roll. Unless a
4 denial has been issued prior to July 1, 2003, if an owner requests
5 that an exemption under this section be withdrawn and that owner
6 pays the corrected tax bill issued under this subsection within 30
7 days after the corrected tax bill is issued, that owner is not
8 liable for any penalty or interest on the additional tax. An owner
9 who pays a corrected tax bill issued under this subsection more
10 than 30 days after the corrected tax bill is issued is liable for
11 the penalties and interest that would have accrued if the exemption
12 had not been granted from the date the taxes were originally
13 levied.

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

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

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

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

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

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

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

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

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

27 (c) If the county treasurer or his or her designee or the

1 county equalization director or his or her designee denies the
2 exemption under this section, as follows:

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

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

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

6 (24) Interest distributed under subsection (23) is subject to
7 the following conditions:

8 (a) Interest distributed to a county shall be deposited into a
9 restricted fund to be used solely for the administration of
10 exemptions under this section. Money in that restricted fund shall
11 lapse to the county general fund on the December 31 in the year 3
12 years after the first distribution of interest to the county under
13 subsection (23) and on each succeeding December 31 thereafter.

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

26 (25) Interest distributed under subsection (23) is in addition
27 to and shall not affect the levy or collection of the county

1 property tax administration fee established under this act.

2 (26) A cooperative housing corporation is entitled to a full
3 or partial exemption under this section for the tax year in which
4 the cooperative housing corporation files all of the following with
5 the local tax collecting unit in which the cooperative housing
6 corporation is located if filed on or before May 1:

7 (a) An affidavit form.

8 (b) A statement of the total number of units owned by the
9 cooperative housing corporation and occupied as the principal
10 residence of a tenant stockholder as of the date of the filing
11 under this subsection.

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

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

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

1 388.1751.

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

6 (a) Add all of the following:

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

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

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

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

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

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

24 (29) The owner claiming an exemption under this section for
25 property open and available as a bed and breakfast shall file an
26 affidavit claiming the exemption on or before May 1 with the local
27 tax collecting unit in which the property is located. The affidavit

1 shall be in a form prescribed by the department of treasury.

2 (30) AS USED IN THIS SECTION, "OCCUPIED" INCLUDES, BUT IS NOT
3 LIMITED TO, ALL OF THE FOLLOWING:

4 (A) TO RESIDE IN A PRINCIPAL RESIDENCE AS AN OWNER.

5 (B) TO HOLD POSSESSION OR CONTROL OF A PRINCIPAL RESIDENCE
6 WHILE ABSENT FROM THAT PRINCIPAL RESIDENCE IN ORDER TO RECEIVE
7 PROLONGED HEALTH CARE, WHICH ABSENCE SHALL NOT EXCEED 5 YEARS.

8 (31) ~~(30)~~ As used in this section:

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

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

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

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

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