

HOUSE BILL No. 5870

March 11, 2008, Introduced by Reps. Bieda and Condino 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
11 tax collecting unit in which the property is located. The affidavit

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13 rescinded or a substantially similar exemption, deduction, or
14 credit on property in another state that is not rescinded.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21 exemption shall remain in effect until rescinded as provided in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

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

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3 rescinded.

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

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

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

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

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

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

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

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

24 (6) If the assessor of the local tax collecting unit believes
25 that the property for which an exemption is claimed is not the
26 principal residence of the owner claiming the exemption, the
27 assessor may deny a new or existing claim by notifying the owner

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

denies an existing claim for exemption, the interest due shall be distributed as provided in subsection (23). However, if the property has been transferred to a bona fide purchaser before additional taxes were billed to the seller as a result of the denial of a claim for exemption, the taxes, interest, and penalties shall not be a lien on the property and shall not be billed to the bona fide purchaser, and the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll shall notify the department of treasury of the amount of tax due, interest, and penalties through the date of that notification. The department of treasury shall then assess the owner who claimed the exemption under this section for the tax, interest, and penalties accruing as a result of the denial of the claim for exemption, if any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty collected into the state school aid fund and shall distribute any interest collected as provided in subsection (23). The denial shall be made on a form prescribed by the department of treasury. If the property for which the assessor has denied a claim for exemption under this subsection is located in a county in which the county treasurer or the county equalization director have elected to audit exemptions under subsection (10), the assessor shall notify the county treasurer or the county equalization director of the denial under this subsection.

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

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

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

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

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

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

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

1 county board of commissioners. The initial election to audit
2 exemptions shall require an audit period of 2 years. ~~Subsequent~~
3 **BEFORE 2009, SUBSEQUENT** elections to audit exemptions shall be made
4 every 2 years and shall require 2 annual audit periods. **BEGINNING**
5 **IN 2009, AN ELECTION TO AUDIT EXEMPTIONS SHALL BE MADE EVERY 5**
6 **YEARS AND SHALL REQUIRE 5 ANNUAL AUDIT PERIODS.** An election to
7 audit exemptions shall be made by submitting an election to audit
8 form to the assessor of each local tax collecting unit in that
9 county and to the department of treasury not later than **APRIL 1**
10 **PRECEDING THE** October 1 in the year in which an election to audit
11 is made. The election to audit form required under this subsection
12 shall be in a form prescribed by the department of treasury. If a
13 county elects to audit the exemptions claimed under this section,
14 the department of treasury may continue to review the validity of
15 exemptions as provided in subsection (8). If a county does not
16 elect to audit the exemptions claimed under this section as
17 provided in this subsection, the department of treasury shall
18 conduct an audit of exemptions claimed under this section in the
19 initial 2-year audit period for each local tax collecting unit in
20 that county unless the department of treasury has entered into an
21 agreement with the assessor for that local tax collecting unit
22 under subsection (9).

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

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

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

1 penalty collected into the state school aid fund and shall
2 distribute any interest collected as provided in subsection (23).
3 The department of treasury shall annually provide the county
4 treasurer or his or her designee or the county equalization
5 director or his or her designee a list of parcels of property
6 located in that county for which an exemption may be erroneously
7 claimed. The county treasurer or his or her designee or the county
8 equalization director or his or her designee shall forward copies
9 of the list provided by the department of treasury to each assessor
10 in each local tax collecting unit in that county within 10 days of
11 receiving the list.

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

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

1 of exemption to the department of treasury or to receive a final
2 determination of the residential and small claims division of the
3 Michigan tax tribunal. However, interest at the rate of 1.25% per
4 month or fraction of a month and penalties shall accrue and be
5 computed from the date the taxes were last payable without interest
6 and penalty. If the residential and small claims division of the
7 Michigan tax tribunal grants an owner's appeal of a denial and that
8 owner has paid the interest due as a result of a denial under
9 subsection (6), (8), or (11), the interest received after a
10 distribution was made under subsection (23) 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) An affidavit filed by an owner for the exemption under
18 this section rescinds all previous exemptions filed by that owner
19 for any other property. The department of treasury shall notify the
20 assessor of the local tax collecting unit in which the property for
21 which a previous exemption was claimed is located that the previous
22 exemption is rescinded by the subsequent affidavit. When an
23 exemption is rescinded, the assessor of the local tax collecting
24 unit shall remove the exemption effective December 31 of the year
25 in which the affidavit was filed that rescinded the exemption. For
26 any year for which the rescinded exemption has not been removed
27 from the tax roll, the exemption shall be denied as provided in

1 this section. However, interest and penalty shall not be imposed
2 for a year for which a rescission form has been timely filed under
3 subsection (5).

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

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

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

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

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

26 (20) If the assessor or treasurer of the local tax collecting
27 unit believes that the department of treasury erroneously denied a

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

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

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

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

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

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

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

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

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

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

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

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

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

2 (c) If the county treasurer or his or her designee or the
3 county equalization director or his or her designee denies the
4 exemption under this section, as follows:

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

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

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

8 (24) Interest distributed under subsection (23) is subject to
9 the following conditions:

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

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

1 (25) Interest distributed under subsection (23) is in addition
2 to and shall not affect the levy or collection of the county
3 property tax administration fee established under this act.

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

9 (a) An affidavit form.

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

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

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

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

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

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

8 (a) Add all of the following:

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

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

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

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

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

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

26 (29) The owner claiming an exemption under this section for
27 property open and available as a bed and breakfast shall file an

1 affidavit claiming the exemption on or before May 1 with the local
2 tax collecting unit in which the property is located. The affidavit
3 shall be in a form prescribed by the department of treasury.

4 (30) As used in this section:

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

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

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

12 (iii) Has a smoke detector in proper working order in each
13 sleeping room and a fire extinguisher in proper working order on
14 each floor.

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