

SENATE BILL No. 1410

June 24, 2008, Introduced by Senator PRUSI 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 2008 PA 96.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes to
3 the extent provided under section 1211 of the revised school code,
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
5 claims an exemption as provided in this section. Notwithstanding
6 the tax day provided in section 2, the status of property as a
7 principal residence shall be determined on the date an affidavit
8 claiming an exemption is filed under subsection (2).

9 (2) Except as otherwise provided in subsection (5), an owner
10 of property may claim 1 exemption under this section by filing an

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14 state that is not rescinded or a substantially similar exemption,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16 rescinded.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22 exemption and that exemption shall remain in effect until rescinded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

24 (3) Except as otherwise provided in subsection (5), a husband
25 and wife who are required to file or who do file a joint Michigan
26 income tax return are entitled to not more than 1 exemption under
27 this section. For taxes levied after December 31, 2002, a person is

1 not entitled to an exemption under this section if any of the
2 following conditions occur:

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

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

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

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

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

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

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

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

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

14 (5) Not more than 90 days after exempted property is no longer
15 used as a principal residence by the owner claiming an exemption,
16 that owner shall rescind the claim of exemption by filing with the
17 local tax collecting unit a rescission form prescribed by the
18 department of treasury. However, if an owner is eligible for and
19 claims an exemption for that owner's current principal residence,
20 that owner may retain an exemption for not more than 3 tax years on
21 property previously exempt as his or her principal residence if
22 that property is not occupied, is for sale, is not leased, and is
23 not used for any business or commercial purpose by filing a
24 conditional rescission form prescribed by the department of
25 treasury on or before ~~May 1~~ **October 1** with the local tax collecting
26 unit. Property is eligible for a conditional rescission if that
27 property is available for lease and all other conditions under this

1 subsection are met. A copy of the conditional rescission form shall
2 be forwarded to the department of treasury according to a schedule
3 prescribed by the department of treasury. An owner who files a
4 conditional rescission form shall annually verify to the assessor
5 of the local tax collecting unit on or before December 31 that the
6 property for which the principal residence exemption is retained is
7 not occupied, is for sale, is not leased, and is not used for any
8 business or commercial purpose. If an owner does not annually
9 verify by December 31 that the property for which the principal
10 residence exemption is retained is not occupied, is for sale, is
11 not leased, and is not used for any business or commercial purpose,
12 the assessor of the local tax collecting unit shall deny the
13 principal residence exemption on that property. If property subject
14 to a conditional rescission is leased, the local tax collecting
15 unit shall deny that conditional rescission and that denial is
16 retroactive and is effective on December 31 of the year immediately
17 preceding the year in which the property subject to the conditional
18 rescission is leased. An owner who fails to file a rescission as
19 required by this subsection is subject to a penalty of \$5.00 per
20 day for each separate failure beginning after the 90 days have
21 elapsed, up to a maximum of \$200.00. This penalty shall be
22 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
23 deposited in the state school aid fund established in section 11 of
24 article IX of the state constitution of 1963. This penalty may be
25 waived by the department of treasury.

26 (6) Except as otherwise provided in subsection (5), if the
27 assessor of the local tax collecting unit believes that the

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

1 supplemental tax bill shall be returned as delinquent on the March
2 1 in the year immediately succeeding the year in which the
3 corrected or supplemental tax bill is issued. If the assessor
4 denies an existing claim for exemption, the interest due shall be
5 distributed as provided in subsection (23). However, if the
6 property has been transferred to a bona fide purchaser before
7 additional taxes were billed to the seller as a result of the
8 denial of a claim for exemption, the taxes, interest, and penalties
9 shall not be a lien on the property and shall not be billed to the
10 bona fide purchaser, and the local tax collecting unit if the local
11 tax collecting unit has possession of the tax roll or the county
12 treasurer if the county has possession of the tax roll shall notify
13 the department of treasury of the amount of tax due, interest, and
14 penalties through the date of that notification. The department of
15 treasury shall then assess the owner who claimed the exemption
16 under this section for the tax, interest, and penalties accruing as
17 a result of the denial of the claim for exemption, if any, as for
18 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
19 shall deposit any tax or penalty collected into the state school
20 aid fund and shall distribute any interest collected as provided in
21 subsection (23). The denial shall be made on a form prescribed by
22 the department of treasury. If the property for which the assessor
23 has denied a claim for exemption under this subsection is located
24 in a county in which the county treasurer or the county
25 equalization director have elected to audit exemptions under
26 subsection (10), the assessor shall notify the county treasurer or
27 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. The
12 department of treasury may review the validity of exemptions for
13 the current calendar year and for the 3 immediately preceding
14 calendar years. Except as otherwise provided in subsection (5), if
15 the department of treasury determines that the property is not the
16 principal residence of the owner claiming the exemption, the
17 department shall send a notice of that determination to the local
18 tax collecting unit and to the owner of the property claiming the
19 exemption, indicating that the claim for exemption is denied,
20 stating the reason for the denial, and advising the owner claiming
21 the exemption of the right to appeal the determination to the
22 department of treasury and what those rights of appeal are. The
23 department of treasury may issue a notice denying a claim if an
24 owner fails to respond within 30 days of receipt of a request for
25 information from that department. An owner may appeal the denial of
26 a claim of exemption to the department of treasury within 35 days
27 of receipt of the notice of denial. An appeal to the department of

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

1 of treasury denies an existing claim for exemption, the interest
2 due shall be distributed as provided in subsection (23). However,
3 if the property has been transferred to a bona fide purchaser
4 before additional taxes were billed to the seller as a result of
5 the denial of a claim for exemption, the taxes, interest, and
6 penalties shall not be a lien on the property and shall not be
7 billed to the bona fide purchaser, and the local tax collecting
8 unit if the local tax collecting unit has possession of the tax
9 roll or the county treasurer if the county has possession of the
10 tax roll shall notify the department of treasury of the amount of
11 tax due and interest through the date of that notification. The
12 department of treasury shall then assess the owner who claimed the
13 exemption under this section for the tax and interest plus penalty
14 accruing as a result of the denial of the claim for exemption, if
15 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
16 205.31, and shall deposit any tax or penalty collected into the
17 state school aid fund and shall distribute any interest collected
18 as provided in subsection (23).

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

27 (10) A county may elect to audit the exemptions claimed under

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

24 (11) If a county elects to audit the exemptions claimed under
25 this section as provided in subsection (10) and the county
26 treasurer or his or her designee or the county equalization
27 director or his or her designee believes that the property for

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

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

1 within 35 days of that decision. An owner is not required to pay
2 the amount of tax in dispute in order to appeal a denial of a claim
3 of exemption to the department of treasury or to receive a final
4 determination of the residential and small claims division of the
5 Michigan tax tribunal. However, interest at the rate of 1.25% per
6 month or fraction of a month and penalties shall accrue and be
7 computed from the date the taxes were last payable without interest
8 and penalty. If the residential and small claims division of the
9 Michigan tax tribunal grants an owner's appeal of a denial and that
10 owner has paid the interest due as a result of a denial under
11 subsection (6), (8), or (11), the interest received after a
12 distribution was made under subsection (23) shall be refunded.

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

19 (15) Except as otherwise provided in subsection (5), an
20 affidavit filed by an owner for the exemption under this section
21 rescinds all previous exemptions filed by that owner for any other
22 property. The department of treasury shall notify the assessor of
23 the local tax collecting unit in which the property for which a
24 previous exemption was claimed is located if the previous exemption
25 is rescinded by the subsequent affidavit. When an exemption is
26 rescinded, the assessor of the local tax collecting unit shall
27 remove the exemption effective December 31 of the year in which the

1 affidavit was filed that rescinded the exemption. For any year for
2 which the rescinded exemption has not been removed from the tax
3 roll, the exemption shall be denied as provided in this section.
4 However, interest and penalty shall not be imposed for a year for
5 which a rescission form has been timely filed under subsection (5).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (24) Interest distributed under subsection (23) is subject to
11 the following conditions:

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

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

1 appropriation, only for the purpose of auditing exemption
2 affidavits.

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

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

11 (a) An affidavit form.

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

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

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

26 (27) Before May 1, 2004 and before May 1, 2005, the treasurer
27 of each county shall forward to the department of education a

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

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

10 (a) Add all of the following:

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

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

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

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

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

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

1 (29) The owner claiming an exemption under this section for
2 property open and available as a bed and breakfast shall file an
3 affidavit claiming the exemption on or before May 1 with the local
4 tax collecting unit in which the property is located. The affidavit
5 shall be in a form prescribed by the department of treasury.

6 (30) As used in this section:

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

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

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

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

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