

HOUSE BILL No. 6157

May 12, 2010, Introduced by Reps. Nerat, McDowell, Bauer, Segal, Huckleberry, Constan, Liss, Slezak, Slavens and Lindberg 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 2008 PA 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

9 (2) Except as otherwise provided in subsection (5), an owner

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15 state that is not rescinded or a substantially similar exemption,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17 rescinded.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23 exemption and that exemption shall remain in effect until rescinded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

25 (3) Except as otherwise provided in subsection (5), a husband
26 and wife who are required to file or who do file a joint Michigan
27 income tax return are entitled to not more than 1 exemption under

1 this section. For taxes levied after December 31, 2002, a person is
2 not entitled to an exemption under this section if any of the
3 following conditions occur:

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

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

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

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

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

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

27 (ii) That person has rescinded an exemption under this section

1 on other property, which exemption remains in effect for that tax
2 year, and there has not been a transfer of ownership of that
3 property.

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

15 (5) Not more than 90 days after exempted property is no longer
16 used as a principal residence by the owner claiming an exemption,
17 that owner shall rescind the claim of exemption by filing with the
18 local tax collecting unit a rescission form prescribed by the
19 department of treasury. However, if **A DECEASED OWNER TRANSFERS BY**
20 **WILL OR INTESTATE SUCCESSION PROPERTY THAT HAD BEEN EXEMPT UNDER**
21 **THIS SECTION TO HIS OR HER NATURAL OR ADOPTED CHILD WHO CLAIMS AN**
22 **EXEMPTION FOR HIS OR HER PRINCIPAL RESIDENCE OR IF** an owner is
23 eligible for and claims an exemption for that owner's current
24 principal residence, that owner may retain an exemption for not
25 more than 3 tax years on property previously exempt **AS THE DECEASED**
26 **OWNER'S PRINCIPAL RESIDENCE OR** as his or her principal residence if
27 that property is not occupied, is for sale, is not leased, and is

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

1 deposited in the state school aid fund established in section 11 of
2 article IX of the state constitution of 1963. This penalty may be
3 waived by the department of treasury.

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

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

1 has denied a claim for exemption under this subsection is located
2 in a county in which the county treasurer or the county
3 equalization director have elected to audit exemptions under
4 subsection (10), the assessor shall notify the county treasurer or
5 the county equalization director of the denial under this
6 subsection.

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

15 (8) The department of treasury shall determine if the property
16 is the principal residence of the owner claiming the exemption. The
17 department of treasury may review the validity of exemptions for
18 the current calendar year and for the 3 immediately preceding
19 calendar years. Except as otherwise provided in subsection (5), if
20 the department of treasury determines that the property is not the
21 principal residence of the owner claiming the exemption, the
22 department shall send a notice of that determination to the local
23 tax collecting unit and to the owner of the property claiming the
24 exemption, indicating that the claim for exemption is denied,
25 stating the reason for the denial, and advising the owner claiming
26 the exemption of the right to appeal the determination to the
27 department of treasury and what those rights of appeal are. The

1 department of treasury may issue a notice denying a claim if an
2 owner fails to respond within 30 days of receipt of a request for
3 information from that department. An owner may appeal the denial of
4 a claim of exemption to the department of treasury within 35 days
5 of receipt of the notice of denial. An appeal to the department of
6 treasury shall be conducted according to the provisions for an
7 informal conference in section 21 of 1941 PA 122, MCL 205.21.
8 Within 10 days after acknowledging an appeal of a denial of a claim
9 of exemption, the department of treasury shall notify the assessor
10 and the treasurer for the county in which the property is located
11 that an appeal has been filed. Upon receipt of a notice that the
12 department of treasury has denied a claim for exemption, the
13 assessor shall remove the exemption of the property and, if the tax
14 roll is in the local tax collecting unit's possession, amend the
15 tax roll to reflect the denial and the local treasurer shall within
16 30 days of the date of the denial issue a corrected tax bill for
17 any additional taxes with interest at the rate of 1.25% per month
18 or fraction of a month and penalties computed from the date the
19 taxes were last payable without interest and penalty. If the tax
20 roll is in the county treasurer's possession, the tax roll shall be
21 amended to reflect the denial and the county treasurer shall within
22 30 days of the date of the denial prepare and submit a supplemental
23 tax bill for any additional taxes, together with interest at the
24 rate of 1.25% per month or fraction of a month and penalties
25 computed from the date the taxes were last payable without interest
26 or penalty. Interest on any tax set forth in a corrected or
27 supplemental tax bill shall again begin to accrue 60 days after the

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

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

1 provided in subsection (10). The agreement may specify that for a
2 period of time, not to exceed 120 days, the department of treasury
3 will not deny an exemption identified by the department of treasury
4 in the list provided under subsection (11).

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

1 period for each local tax collecting unit in that county unless the
2 department of treasury has entered into an agreement with the
3 assessor for that local tax collecting unit under subsection (9).

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

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

1 tax collecting unit if the local tax collecting unit has possession
2 of the tax roll or the county treasurer if the county has
3 possession of the tax roll shall notify the department of treasury
4 of the amount of tax due and interest through the date of that
5 notification. The department of treasury shall then assess the
6 owner who claimed the exemption under this section for the tax and
7 interest plus penalty accruing as a result of the denial of the
8 claim for exemption, if any, as for unpaid taxes provided under
9 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
10 penalty collected into the state school aid fund and shall
11 distribute any interest collected as provided in subsection (23).
12 The department of treasury shall annually provide the county
13 treasurer or his or her designee or the county equalization
14 director or his or her designee a list of parcels of property
15 located in that county for which an exemption may be erroneously
16 claimed. The county treasurer or his or her designee or the county
17 equalization director or his or her designee shall forward copies
18 of the list provided by the department of treasury to each assessor
19 in each local tax collecting unit in that county within 10 days of
20 receiving the list.

21 (12) If a county elects to audit exemptions claimed under this
22 section as provided in subsection (10), the county treasurer or the
23 county equalization director may enter into an agreement with the
24 assessor of a local tax collecting unit in that county regarding
25 the implementation or administration of this section. The agreement
26 may specify that for a period of time, not to exceed 120 days, the
27 county will not deny an exemption identified by the department of

1 treasury in the list provided under subsection (11).

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

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

26 (15) Except as otherwise provided in subsection (5), an
27 affidavit filed by an owner for the exemption under this section

1 rescinds all previous exemptions filed by that owner for any other
2 property. The department of treasury shall notify the assessor of
3 the local tax collecting unit in which the property for which a
4 previous exemption was claimed is located if the previous exemption
5 is rescinded by the subsequent affidavit. When an exemption is
6 rescinded, the assessor of the local tax collecting unit shall
7 remove the exemption effective December 31 of the year in which the
8 affidavit was filed that rescinded the exemption. For any year for
9 which the rescinded exemption has not been removed from the tax
10 roll, the exemption shall be denied as provided in this section.
11 However, interest and penalty shall not be imposed for a year for
12 which a rescission form has been timely filed under subsection (5).

13 (16) Except as otherwise provided in subsection (28), if the
14 principal residence is part of a unit in a multiple-unit dwelling
15 or a dwelling unit in a multiple-purpose structure, an owner shall
16 claim an exemption for only that portion of the total taxable value
17 of the property used as the principal residence of that owner in a
18 manner prescribed by the department of treasury. If a portion of a
19 parcel for which the owner claims an exemption is used for a
20 purpose other than as a principal residence, the owner shall claim
21 an exemption for only that portion of the taxable value of the
22 property used as the principal residence of that owner in a manner
23 prescribed by the department of treasury.

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

27 (18) The department of treasury shall make available the

1 affidavit forms and the forms to rescind an exemption, which may be
2 on the same form, to all city and township assessors, county
3 equalization officers, county registers of deeds, and closing
4 agents. A person who prepares a closing statement for the sale of
5 property shall provide affidavit and rescission forms to the buyer
6 and seller at the closing and, if requested by the buyer or seller
7 after execution by the buyer or seller, shall file the forms with
8 the local tax collecting unit in which the property is located. If
9 a closing statement preparer fails to provide exemption affidavit
10 and rescission forms to the buyer and seller, or fails to file the
11 affidavit and rescission forms with the local tax collecting unit
12 if requested by the buyer or seller, the buyer may appeal to the
13 department of treasury within 30 days of notice to the buyer that
14 an exemption was not recorded. If the department of treasury
15 determines that the buyer qualifies for the exemption, the
16 department of treasury shall notify the assessor of the local tax
17 collecting unit that the exemption is granted and the assessor of
18 the local tax collecting unit or, if the tax roll is in the
19 possession of the county treasurer, the county treasurer shall
20 correct the tax roll to reflect the exemption. This subsection does
21 not create a cause of action at law or in equity against a closing
22 statement preparer who fails to provide exemption affidavit and
23 rescission forms to a buyer and seller or who fails to file the
24 affidavit and rescission forms with the local tax collecting unit
25 when requested to do so by the buyer or seller.

26 (19) An owner who owned and occupied a principal residence on
27 May 1 for which the exemption was not on the tax roll may file an

1 appeal with the July board of review or December board of review in
2 the year for which the exemption was claimed or the immediately
3 succeeding 3 years. If an appeal of a claim for exemption that was
4 not on the tax roll is received not later than 5 days prior to the
5 date of the December board of review, the local tax collecting unit
6 shall convene a December board of review and consider the appeal
7 pursuant to this section and section 53b. For the 2008 tax year
8 only, an owner of property eligible for a conditional rescission
9 under subsection (5) who did not file a conditional rescission form
10 prescribed by the department of treasury with the local tax
11 collecting unit on or before May 1, 2008 may file an appeal with
12 the 2008 July board of review or 2008 December board of review to
13 claim a conditional rescission for the 2008 tax year.

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

24 (21) If granting the exemption under this section results in
25 an overpayment of the tax, a rebate, including any interest paid,
26 shall be made to the taxpayer by the local tax collecting unit if
27 the local tax collecting unit has possession of the tax roll or by

1 the county treasurer if the county has possession of the tax roll
2 within 30 days of the date the exemption is granted. The rebate
3 shall be without interest.

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

1 the penalties and interest that would have accrued if the exemption
2 had not been granted from the date the taxes were originally
3 levied.

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

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

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

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

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

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

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

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

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

17 (c) If the county treasurer or his or her designee or the
18 county equalization director or his or her designee denies the
19 exemption under this section, as follows:

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

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

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

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

25 (a) Interest distributed to a county shall be deposited into a
26 restricted fund to be used solely for the administration of
27 exemptions under this section. Money in that restricted fund shall

1 lapse to the county general fund on the December 31 in the year 3
2 years after the first distribution of interest to the county under
3 subsection (23) and on each succeeding December 31 thereafter.

4 (b) Interest distributed to the department of treasury shall
5 be deposited into the principal residence property tax exemption
6 audit fund, which is created within the state treasury. The state
7 treasurer may receive money or other assets from any source for
8 deposit into the fund. The state treasurer shall direct the
9 investment of the fund. The state treasurer shall credit to the
10 fund interest and earnings from fund investments. Money in the fund
11 shall be considered a work project account and at the close of the
12 fiscal year shall remain in the fund and shall not lapse to the
13 general fund. Money from the fund shall be expended, upon
14 appropriation, only for the purpose of auditing exemption
15 affidavits.

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

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

24 (a) An affidavit form.

25 (b) A statement of the total number of units owned by the
26 cooperative housing corporation and occupied as the principal
27 residence of a tenant stockholder as of the date of the filing

1 under this subsection.

2 (c) A list that includes the name, address, and social
3 security number of each tenant stockholder of the cooperative
4 housing corporation occupying a unit in the cooperative housing
5 corporation as his or her principal residence as of the date of the
6 filing under this subsection.

7 (d) A statement of the total number of units of the
8 cooperative housing corporation on which an exemption under this
9 section was claimed and that were transferred in the tax year
10 immediately preceding the tax year in which the filing under this
11 section was made.

12 (27) Before May 1, 2004 and before May 1, 2005, the treasurer
13 of each county shall forward to the department of education a
14 statement of the taxable value of each school district and fraction
15 of a school district within the county for the preceding 4 calendar
16 years. This requirement is in addition to the requirement set forth
17 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
18 388.1751.

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

23 (a) Add all of the following:

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

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

27 (iii) If the property was not open and available for use as a

1 bed and breakfast for 90 or more consecutive days in the
2 immediately preceding 12-month period, the result of the following
3 calculation:

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

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

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

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

19 (30) As used in this section:

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

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

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

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

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

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