

HOUSE BILL No. 6452

September 11, 2008, Introduced by Reps. Spade, Byrnes, Clemente, LeBlanc, Gillard, Angerer, Farrah, Polidori, Brown, Bennett, Johnson, Simpson, Condino, Wojno, Bauer, Amos, Rick Jones, Hopgood, Kathleen Law, Stahl, Dean, Meadows and Alma Smith 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 **AT ANY TIME IF THE PROPERTY FOR WHICH**
4 **AN EXEMPTION IS CLAIMED IS SUBJECT TO FORECLOSURE AT THE TIME THE**
5 **AFFIDAVIT IS FILED AND ON OR BEFORE MAY 1 FOR ALL OTHER PROPERTY.**

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18 rescinded or a substantially similar exemption, deduction, or
19 credit on property in another state that is not rescinded.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26 exemption shall remain in effect until rescinded as provided in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

1 (3) Except as otherwise provided in subsection (5), a husband
2 and wife who are required to file or who do file a joint Michigan
3 income tax return are entitled to not more than 1 exemption under
4 this section. For taxes levied after December 31, 2002, a person is
5 not entitled to an exemption under this section if any of the
6 following conditions occur:

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9 rescinded.

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

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

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

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

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

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

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

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

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

1 article IX of the state constitution of 1963. This penalty may be
2 waived by the department of treasury.

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

1 Interest on any tax set forth in a corrected or supplemental tax
2 bill shall again begin to accrue 60 days after the date the
3 corrected or supplemental tax bill is issued at the rate of 1.25%
4 per month or fraction of a month. Taxes levied in a corrected or
5 supplemental tax bill shall be returned as delinquent on the March
6 1 in the year immediately succeeding the year in which the
7 corrected or supplemental tax bill is issued. If the assessor
8 denies an existing claim for exemption, the interest due shall be
9 distributed as provided in subsection (23). However, if the
10 property has been transferred to a bona fide purchaser before
11 additional taxes were billed to the seller as a result of the
12 denial of a claim for exemption, the taxes, interest, and penalties
13 shall not be a lien on the property and shall not be billed to the
14 bona fide purchaser, and the local tax collecting unit if the local
15 tax collecting unit has possession of the tax roll or the county
16 treasurer if the county has possession of the tax roll shall notify
17 the department of treasury of the amount of tax due, interest, and
18 penalties through the date of that notification. The department of
19 treasury shall then assess the owner who claimed the exemption
20 under this section for the tax, interest, and penalties accruing as
21 a result of the denial of the claim for exemption, if any, as for
22 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
23 shall deposit any tax or penalty collected into the state school
24 aid fund and shall distribute any interest collected as provided in
25 subsection (23). The denial shall be made on a form prescribed by
26 the department of treasury. If the property for which the assessor
27 has denied a claim for exemption under this subsection is located

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (15) Except as otherwise provided in subsection (5), an
26 affidavit filed by an owner for the exemption under this section
27 rescinds all previous exemptions filed by that owner for any other

1 property. The department of treasury shall notify the assessor of
2 the local tax collecting unit in which the property for which a
3 previous exemption was claimed is located if the previous exemption
4 is rescinded by the subsequent affidavit. When an exemption is
5 rescinded, the assessor of the local tax collecting unit shall
6 remove the exemption effective December 31 of the year in which the
7 affidavit was filed that rescinded the exemption. For any year for
8 which the rescinded exemption has not been removed from the tax
9 roll, the exemption shall be denied as provided in this section.

10 However, interest and penalty shall not be imposed for a year for
11 which a rescission form has been timely filed under subsection (5).

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

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

26 (18) The department of treasury shall make available the
27 affidavit forms and the forms to rescind an exemption, which may be

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

25 (19) An owner who owned and occupied a principal residence **AT**
26 **ANY TIME IF THE PROPERTY FOR WHICH AN EXEMPTION IS CLAIMED WAS**
27 **SUBJECT TO FORECLOSURE AT THE TIME THE AFFIDAVIT IS FILED AND** on

1 May 1 **FOR ALL OTHER PROPERTY**, for which the exemption was not on
2 the tax roll may file an appeal with the July board of review or
3 December board of review in the year for which the exemption was
4 claimed or the immediately succeeding 3 years. If an appeal of a
5 claim for exemption that was not on the tax roll is received not
6 later than 5 days prior to the date of the December board of
7 review, the local tax collecting unit shall convene a December
8 board of review and consider the appeal pursuant to this section
9 and section 53b. For the 2008 tax year only, an owner of property
10 eligible for a conditional rescission under subsection (5) who did
11 not file a conditional rescission form prescribed by the department
12 of treasury with the local tax collecting unit on or before May 1,
13 2008 may file an appeal with the 2008 July board of review or 2008
14 December board of review to claim a conditional rescission for the
15 2008 tax year.

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

26 (21) If granting the exemption under this section results in
27 an overpayment of the tax, a rebate, including any interest paid,

1 shall be made to the taxpayer by the local tax collecting unit if
2 the local tax collecting unit has possession of the tax roll or by
3 the county treasurer if the county has possession of the tax roll
4 within 30 days of the date the exemption is granted. The rebate
5 shall be without interest.

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

1 who pays a corrected tax bill issued under this subsection more
2 than 30 days after the corrected tax bill is issued is liable for
3 the penalties and interest that would have accrued if the exemption
4 had not been granted from the date the taxes were originally
5 levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (a) Interest distributed to a county shall be deposited into a

1 restricted fund to be used solely for the administration of
2 exemptions under this section. Money in that restricted fund shall
3 lapse to the county general fund on the December 31 in the year 3
4 years after the first distribution of interest to the county under
5 subsection (23) and on each succeeding December 31 thereafter.

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

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

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

26 (a) An affidavit form.

27 (b) A statement of the total number of units owned by the

1 cooperative housing corporation and occupied as the principal
2 residence of a tenant stockholder as of the date of the filing
3 under this subsection.

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

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

14 (27) Before May 1, 2004 and before May 1, 2005, the treasurer
15 of each county shall forward to the department of education a
16 statement of the taxable value of each school district and fraction
17 of a school district within the county for the preceding 4 calendar
18 years. This requirement is in addition to the requirement set forth
19 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
20 388.1751.

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

25 (a) Add all of the following:

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

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

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

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

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

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

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

21 (30) As used in this section:

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

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

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

2 (iii) Has a smoke detector in proper working order in each
3 sleeping room and a fire extinguisher in proper working order on
4 each floor.

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