

# SENATE BILL No. 1239

March 26, 2008, Introduced by Senators BROWN, JELINEK, PAPPAGEORGE and GARCIA 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 2006 PA 664.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

9       (2) An owner of property may claim an exemption under this  
10      section by filing an affidavit on or before May 1 with the local  
11      tax collecting unit in which the property is located. The affidavit

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13 rescinded or a substantially similar exemption, deduction, or  
14 credit on property in another state that is not rescinded.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21 exemption shall remain in effect until rescinded as provided in  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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9           (a) An affidavit form.

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

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

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

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

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

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

8 (a) Add all of the following:

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

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

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

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

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

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

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

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

4 (30) As used in this section:

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

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

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

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

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