

HOUSE BILL No. 4215

February 7, 2007, Introduced by Reps. Gaffney, Hune, Nofs, Marleau, Hansen and Stahl and referred to the Committee on Commerce.

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~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), AN**

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16 rescinded or a substantially similar exemption, deduction, or
17 credit on property in another state that is not rescinded.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24 exemption shall remain in effect until rescinded as provided in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

26 (3) ~~A~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A
27 husband and wife who are required to file or who do file a joint

1 Michigan income tax return are entitled to not more than 1
2 exemption under this section. For taxes levied after December 31,
3 2002, a person is not entitled to an exemption under this section
4 if any of the following conditions occur:

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7 rescinded.

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

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

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

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

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

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

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

16 (5) Not more than 90 days after exempted property is no longer
17 used as a principal residence by the owner claiming an exemption,
18 that owner shall rescind the claim of exemption by filing with the
19 local tax collecting unit a rescission form prescribed by the
20 department of treasury. **HOWEVER, IN ADDITION TO AN EXEMPTION**
21 **CLAIMED FOR AN OWNER'S CURRENT PRINCIPAL RESIDENCE, THAT OWNER MAY**
22 **RETAIN AN EXEMPTION FOR NOT MORE THAN 3 YEARS ON PROPERTY**
23 **PREVIOUSLY EXEMPT AS HIS OR HER PRINCIPAL RESIDENCE IF THAT**
24 **PROPERTY IS NOT OCCUPIED AND IS FOR SALE.** An owner who fails to
25 file a rescission as required by this subsection is subject to a
26 penalty of \$5.00 per day for each separate failure beginning after
27 the 90 days have elapsed, up to a maximum of \$200.00. This penalty

1 shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and
2 shall be deposited in the state school aid fund established in
3 section 11 of article IX of the state constitution of 1963. This
4 penalty may be waived by the department of treasury.

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

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

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

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

16 (8) The department of treasury shall determine if the property
17 is the principal residence of the owner claiming the exemption. The
18 department of treasury may review the validity of exemptions for
19 the current calendar year and for the 3 immediately preceding
20 calendar years. ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5),**
21 **IF** the department of treasury determines that the property is not
22 the principal residence of the owner claiming the exemption, the
23 department shall send a notice of that determination to the local
24 tax collecting unit and to the owner of the property claiming the
25 exemption, indicating that the claim for exemption is denied,
26 stating the reason for the denial, and advising the owner claiming
27 the exemption of the right to appeal the determination to the

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

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

25 (9) The department of treasury may enter into an agreement
26 regarding the implementation or administration of subsection (8)
27 with the assessor of any local tax collecting unit in a county that

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

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

1 has entered into an agreement with the assessor for that local tax
2 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) ~~An~~ **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 ~~that~~ **IF** the previous
4 exemption is rescinded by the subsequent affidavit. When an
5 exemption is rescinded, the assessor of the local tax collecting
6 unit shall remove the exemption effective December 31 of the year
7 in which the affidavit was filed that rescinded the exemption. For
8 any year for which the rescinded exemption has not been removed
9 from the tax roll, the exemption shall be denied as provided in
10 this section. However, interest and penalty shall not be imposed
11 for a year for which a rescission form has been timely filed under
12 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.

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

18 (21) If granting the exemption under this section results in
19 an overpayment of the tax, a rebate, including any interest paid,
20 shall be made to the taxpayer by the local tax collecting unit if
21 the local tax collecting unit has possession of the tax roll or by
22 the county treasurer if the county has possession of the tax roll
23 within 30 days of the date the exemption is granted. The rebate
24 shall be without interest.

25 (22) If an exemption under this section is erroneously granted
26 for an affidavit filed before October 1, 2003, an owner may request
27 in writing that the department of treasury withdraw the exemption.

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

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

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

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

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

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

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

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

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

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

11 (c) If the county treasurer or his or her designee or the
12 county equalization director or his or her designee denies the
13 exemption under this section, as follows:

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

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

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

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

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

25 (b) Interest distributed to the department of treasury shall
26 be deposited into the principal residence property tax exemption
27 audit fund, which is created within the state treasury. The state

1 treasurer may receive money or other assets from any source for
2 deposit into the fund. The state treasurer shall direct the
3 investment of the fund. The state treasurer shall credit to the
4 fund interest and earnings from fund investments. Money in the fund
5 shall be considered a work project account and at the close of the
6 fiscal year shall remain in the fund and shall not lapse to the
7 general fund. Money from the fund shall be expended, upon
8 appropriation, only for the purpose of auditing exemption
9 affidavits.

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

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

18 (a) An affidavit form.

19 (b) A statement of the total number of units owned by the
20 cooperative housing corporation and occupied as the principal
21 residence of a tenant stockholder as of the date of the filing
22 under this subsection.

23 (c) A list that includes the name, address, and social
24 security number of each tenant stockholder of the cooperative
25 housing corporation occupying a unit in the cooperative housing
26 corporation as his or her principal residence as of the date of the
27 filing under this subsection.

1 (d) A statement of the total number of units of the
2 cooperative housing corporation on which an exemption under this
3 section was claimed and that were transferred in the tax year
4 immediately preceding the tax year in which the filing under this
5 section was made.

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

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

17 (a) Add all of the following:

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

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

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

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

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

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

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

13 (30) As used in this section:

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

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

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

21 (iii) Has a smoke detector in proper working order in each
22 sleeping room and a fire extinguisher in proper working order on
23 each floor.

24 (b) "Common area" includes, but is not limited to, a kitchen,
25 dining room, living room, fitness room, porch, hallway, laundry
26 room, or bathroom that is available for use by guests of a bed and
27 breakfast or, unless guests are specifically prohibited from access

- 1 to the area, an area that is used to provide a service to guests of
- 2 a bed and breakfast.