

HOUSE BILL No. 5334

October 18, 2007, Introduced by Rep. Miller 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 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

1 tax collecting unit in which the property is located ON OR BEFORE
2 MAY 1 FOR TAXES LEVIED BEFORE JANUARY 1, 2008 OR, FOR TAXES LEVIED
3 AFTER DECEMBER 31, 2007, AT ANY TIME AFTER TAX DAY IN A TAX YEAR
4 FOR THAT PORTION OF TAXES LEVIED IN THAT TAX YEAR DETERMINED BY
5 MULTIPLYING THE TAXES LEVIED IN THAT TAX YEAR BY A FRACTION THE
6 NUMERATOR OF WHICH IS THE NUMBER OF DAYS REMAINING FROM THE DATE
7 THE AFFIDAVIT IS FILED UNTIL DECEMBER 31 IN THAT TAX YEAR AND THE
8 DENOMINATOR OF WHICH IS THE NUMBER OF DAYS IN THAT TAX YEAR. The
9 affidavit shall state that the property is owned and occupied as a
10 principal residence by that owner of the property on the date that
11 the affidavit is signed. The affidavit shall be on a form
12 prescribed by the department of treasury. One copy of the affidavit
13 shall be retained by the owner, 1 copy shall be retained by the
14 local tax collecting unit until any appeal or audit period under
15 this act has expired, and 1 copy shall be forwarded to the
16 department of treasury pursuant to subsection (4), together with
17 all information submitted under subsection (26) for a cooperative
18 housing corporation. The affidavit shall require the owner claiming
19 the exemption to indicate if that owner or that owner's spouse has
20 claimed another exemption on property in this state that is not
21 rescinded or a substantially similar exemption, deduction, or
22 credit on property in another state that is not rescinded. If the
23 affidavit requires an owner to include a social security number,
24 that owner's number is subject to the disclosure restrictions in
25 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
26 affidavit for an exemption under this section before January 1,
27 2004, that affidavit shall be considered the affidavit required

1 under this subsection for a principal residence exemption and that
2 exemption shall remain in effect until rescinded as provided in
3 this section.

4 (3) A husband and wife who are required to file or who do file
5 a joint Michigan income tax return are entitled to not more than 1
6 exemption under this section. For taxes levied after December 31,
7 2002, a person is not entitled to an exemption under this section
8 if any of the following conditions occur:

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

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

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

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

25 (e) That person has previously rescinded an exemption under
26 this section for the same property for which an exemption is now
27 claimed and there has not been a transfer of ownership of that

1 property after the previous exemption was rescinded, if either of
2 the following conditions is satisfied:

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

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

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

20 (5) Not more than 90 days after exempted property is no longer
21 used as a principal residence by the owner claiming an exemption,
22 that owner shall rescind the claim of exemption by filing with the
23 local tax collecting unit a rescission form prescribed by the
24 department of treasury. An owner who fails to file a rescission as
25 required by this subsection is subject to a penalty of \$5.00 per
26 day for each separate failure beginning after the 90 days have
27 elapsed, up to a maximum of \$200.00. This penalty shall be

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

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

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

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

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

15 (8) The department of treasury shall determine if the property
16 is the principal residence of the owner claiming the exemption. The
17 department of treasury may review the validity of exemptions for
18 the current calendar year and for the 3 immediately preceding
19 calendar years. If the department of treasury determines that the
20 property is not the principal residence of the owner claiming the
21 exemption, the department shall send a notice of that determination
22 to the local tax collecting unit and to the owner of the property
23 claiming the exemption, indicating that the claim for exemption is
24 denied, stating the reason for the denial, and advising the owner
25 claiming the exemption of the right to appeal the determination to
26 the 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. Subsequent
11 elections to audit exemptions shall be made every 2 years and shall
12 require 2 annual audit periods. An election to audit exemptions
13 shall be made by submitting an election to audit form to the
14 assessor of each local tax collecting unit in that county and to
15 the department of treasury not later than October 1 in the year in
16 which an election to audit is made. The election to audit form
17 required under this subsection shall be in a form prescribed by the
18 department of treasury. If a county elects to audit the exemptions
19 claimed under this section, the department of treasury may continue
20 to review the validity of exemptions as provided in subsection (8).
21 If a county does not elect to audit the exemptions claimed under
22 this section as provided in this subsection, the department of
23 treasury shall conduct an audit of exemptions claimed under this
24 section in the initial 2-year audit period for each local tax
25 collecting unit in that county unless the department of treasury
26 has entered into an agreement with the assessor for that local tax
27 collecting unit under subsection (9).

1 (11) If a county elects to audit the exemptions claimed under
2 this section as provided in subsection (10) and the county
3 treasurer or his or her designee or the county equalization
4 director or his or her designee believes that the property for
5 which an exemption is claimed is not the principal residence of the
6 owner claiming the exemption, the county treasurer or his or her
7 designee or the county equalization director or his or her designee
8 may deny an existing claim by notifying the owner, the assessor of
9 the local tax collecting unit, and the department of treasury in
10 writing of the reason for the denial and advising the owner that
11 the denial may be appealed to the residential and small claims
12 division of the Michigan tax tribunal within 35 days after the date
13 of the notice. The county treasurer or his or her designee or the
14 county equalization director or his or her designee may deny a
15 claim for exemption for the current year and for the 3 immediately
16 preceding calendar years. If the county treasurer or his or her
17 designee or the county equalization director or his or her designee
18 denies an existing claim for exemption, the county treasurer or his
19 or her designee or the county equalization director or his or her
20 designee shall direct the assessor of the local tax collecting unit
21 in which the property is located to remove the exemption of the
22 property from the assessment roll and, if the tax roll is in the
23 local tax collecting unit's possession, direct the assessor of the
24 local tax collecting unit to amend the tax roll to reflect the
25 denial and the treasurer of the local tax collecting unit shall
26 within 30 days of the date of the denial issue a corrected tax bill
27 for any additional taxes with interest at the rate of 1.25% per

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

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

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

25 (13) An owner may appeal a denial by the assessor of the local
26 tax collecting unit under subsection (6), a final decision of the
27 department of treasury under subsection (8), or a denial by the

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

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

22 (15) An affidavit filed by an owner for the exemption under
23 this section rescinds all previous exemptions filed by that owner
24 for any other property. The department of treasury shall notify the
25 assessor of the local tax collecting unit in which the property for
26 which a previous exemption was claimed is located that the previous
27 exemption is rescinded by the subsequent affidavit. When an

1 exemption is rescinded, the assessor of the local tax collecting
2 unit shall remove the exemption effective December 31 of the year
3 in which the affidavit was filed that rescinded the exemption. For
4 any year for which the rescinded exemption has not been removed
5 from the tax roll, the exemption shall be denied as provided in
6 this section. However, interest and penalty shall not be imposed
7 for a year for which a rescission form has been timely filed under
8 subsection (5).

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

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

23 (18) The department of treasury shall make available the
24 affidavit forms and the forms to rescind an exemption, which may be
25 on the same form, to all city and township assessors, county
26 equalization officers, county registers of deeds, and closing
27 agents. A person who prepares a closing statement for the sale of

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

22 (19) An owner who owned and occupied a principal residence ~~on~~
23 ~~May 1~~ for which the exemption was not on the tax roll may file an
24 appeal with the July board of review or December board of review in
25 the year for which the exemption was claimed or the immediately
26 succeeding 3 years. If an appeal of a claim for exemption that was
27 not on the tax roll is received not later than 5 days prior to the

1 date of the December board of review, the local tax collecting unit
2 shall convene a December board of review and consider the appeal
3 pursuant to this section and section 53b.

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

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

21 (22) If an exemption under this section is erroneously granted
22 for an affidavit filed before October 1, 2003, an owner may request
23 in writing that the department of treasury withdraw the exemption.
24 The request to withdraw the exemption shall be received not later
25 than November 1, 2003. If an owner requests that an exemption be
26 withdrawn, the department of treasury shall issue an order
27 notifying the local assessor that the exemption issued under this

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

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

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

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

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

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

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

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

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

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

7 (c) If the county treasurer or his or her designee or the
8 county equalization director or his or her designee denies the
9 exemption under this section, as follows:

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

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

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

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

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

21 (b) Interest distributed to the department of treasury shall
22 be deposited into the principal residence property tax exemption
23 audit fund, which is created within the state treasury. The state
24 treasurer may receive money or other assets from any source for
25 deposit into the fund. The state treasurer shall direct the
26 investment of the fund. The state treasurer shall credit to the
27 fund interest and earnings from fund investments. Money in the fund

1 shall be considered a work project account and at the close of the
2 fiscal year shall remain in the fund and shall not lapse to the
3 general fund. Money from the fund shall be expended, upon
4 appropriation, only for the purpose of auditing exemption
5 affidavits.

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

9 (26) A cooperative housing corporation is entitled to a full
10 or partial exemption under this section for the tax year in which
11 the cooperative housing corporation files all of the following with
12 the local tax collecting unit in which the cooperative housing
13 corporation is located if filed on or before May 1 **FOR TAXES LEVIED**
14 **BEFORE JANUARY 1, 2008, OR, FOR TAXES LEVIED AFTER DECEMBER 31,**
15 **2007, AT ANY TIME AFTER TAX DAY IN A TAX YEAR FOR THAT PORTION OF**
16 **TAXES LEVIED IN THAT TAX YEAR DETERMINED BY MULTIPLYING THE TAXES**
17 **LEVIED IN THAT TAX YEAR BY A FRACTION THE NUMERATOR OF WHICH IS THE**
18 **NUMBER OF DAYS REMAINING FROM THE DATE THE AFFIDAVIT IS FILED UNTIL**
19 **DECEMBER 31 IN THAT TAX YEAR AND THE DENOMINATOR OF WHICH IS THE**
20 **NUMBER OF DAYS IN THAT TAX YEAR:**

21 (a) An affidavit form.

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

26 (c) A list that includes the name, address, and social
27 security number of each tenant stockholder of the cooperative

1 housing corporation occupying a unit in the cooperative housing
2 corporation as his or her principal residence as of the date of the
3 filing under this subsection.

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

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

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

20 (a) Add all of the following:

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

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

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

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

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

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

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

16 (30) As used in this section:

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

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

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

24 (iii) Has a smoke detector in proper working order in each
25 sleeping room and a fire extinguisher in proper working order on
26 each floor.

27 (b) "Common area" includes, but is not limited to, a kitchen,

1 dining room, living room, fitness room, porch, hallway, laundry
2 room, or bathroom that is available for use by guests of a bed and
3 breakfast or, unless guests are specifically prohibited from access
4 to the area, an area that is used to provide a service to guests of
5 a bed and breakfast.