

HOUSE BILL No. 5597

January 9, 2008, Introduced by Rep. Sak 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

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15 rescinded or a substantially similar exemption, deduction, or
16 credit on property in another state that is not rescinded.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23 exemption shall remain in effect until rescinded as provided in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

25 (3) A husband and wife who are required to file or who do file
26 a joint Michigan income tax return are entitled to not more than 1
27 exemption under this section. For taxes levied after December 31,

1 2002, a person is not entitled to an exemption under this section
2 if any of the following conditions occur:

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5 rescinded.

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

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

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

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

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

26 (ii) That person has rescinded an exemption under this section
27 on other property, which exemption remains in effect for that tax

1 year, and there has not been a transfer of ownership of that
2 property.

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

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

26 (6) If the assessor of the local tax collecting unit believes
27 that the property for which an exemption is claimed is not the

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

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

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

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

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

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

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

25 (10) A county may elect to audit the exemptions claimed under
26 this section in all local tax collecting units located in that
27 county as provided in this subsection. The election to audit

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

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

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

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

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

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

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

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

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

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

1 for a year for which a rescission form has been timely filed under
2 subsection (5).

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

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

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

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

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

25 (20) If the assessor or treasurer of the local tax collecting
26 unit believes that the department of treasury erroneously denied a
27 claim for exemption, the assessor or treasurer may submit written

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (25) Interest distributed under subsection (23) is in addition

1 to and shall not affect the levy or collection of the county
2 property tax administration fee established under this act.

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

8 (a) An affidavit form.

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

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

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

23 (27) Before May 1, 2004 and before May 1, 2005, the treasurer
24 of each county shall forward to the department of education a
25 statement of the taxable value of each school district and fraction
26 of a school district within the county for the preceding 4 calendar
27 years. This requirement is in addition to the requirement set forth

1 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
2 388.1751.

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

7 (a) Add all of the following:

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

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

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

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

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

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

25 (29) The owner claiming an exemption under this section for
26 property open and available as a bed and breakfast shall file an
27 affidavit claiming the exemption on or before May 1 with the local

1 tax collecting unit in which the property is located. The affidavit
2 shall be in a form prescribed by the department of treasury.

3 (30) As used in this section:

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

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

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

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

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