

**SUBSTITUTE FOR  
HOUSE BILL NO. 6030**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7cc (MCL 211.7cc), as amended by 2003 PA 247.

**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15 rescinded or a substantially similar exemption, deduction, or  
16 credit on property in another state that is not rescinded.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23 exemption shall remain in effect until rescinded as provided in  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) ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (28), IF**  
4 the principal residence is part of a unit in a multiple-unit  
5 dwelling or a dwelling unit in a multiple-purpose structure, an  
6 owner shall claim an exemption for only that portion of the total  
7 taxable value of the property used as the principal residence of  
8 that owner in a manner prescribed by the department of treasury. If  
9 a portion of a parcel for which the owner claims an exemption is  
10 used for a purpose other than as a principal residence, the owner  
11 shall claim an exemption for only that portion of the taxable value  
12 of the property used as the principal residence of that owner in a  
13 manner 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  
20 succeeding 3 years. If an appeal of a claim for exemption that was  
21 not on the tax roll is received not later than 5 days prior to the  
22 date of the December board of review, the local tax collecting unit  
23 shall convene a December board of review and consider the appeal  
24 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.