

HOUSE BILL No. 6328

November 9, 2004, Introduced by Rep. Acciavatti 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 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
3 to the extent provided under section 1211 of the revised school
4 code, 1976 PA 451, MCL 380.1211, if an owner of that principal
5 residence claims an exemption as provided in this section.
6 Notwithstanding the tax day provided in section 2, the status of
7 property as a principal residence shall be determined on the date
8 an affidavit claiming an exemption is filed under subsection
9 (2).

10 (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.

3 (3) An owner of property who is absent from his or her
4 principal residence while on active duty in the armed forces of
5 the United States may claim an exemption under this section for
6 his or her principal residence if that owner does not claim an
7 exemption for other property under this section and files the
8 affidavit required under this section. An owner of property is
9 eligible for an exemption under this section if that owner leases
10 all or a portion of his or her principal residence while absent
11 from his or her principal residence because he or she is on
12 active duty in the armed forces of the United States.

13 (4) The affidavit required under this section shall state
14 that the property is owned and occupied as a principal residence
15 by that owner of the property on the date that the affidavit is
16 signed. The affidavit shall be on a form prescribed by the
17 department of treasury. One copy of the affidavit shall be
18 retained by the owner, 1 copy shall be retained by the local tax
19 collecting unit until any appeal or audit period under this act
20 has expired, and 1 copy shall be forwarded to the department of
21 treasury pursuant to subsection ~~-(4)-~~ (6), together with all
22 information submitted under subsection ~~-(26)-~~ (28) for a
23 cooperative housing corporation. The affidavit shall require the
24 owner claiming the exemption to indicate if that owner or that
25 owner's spouse has claimed another exemption on property in this
26 state that is not rescinded or a substantially similar exemption,
27 deduction, or credit on property in another state that is not

1 rescinded. If the affidavit requires an owner to include a
2 social security number, that owner's number is subject to the
3 disclosure restrictions in 1941 PA 122, MCL 205.1 to 205.31. If
4 an owner of property filed an affidavit for an exemption under
5 this section before January 1, 2004, that affidavit shall be
6 considered the affidavit required under this subsection for a
7 principal residence exemption and that exemption shall remain in
8 effect until rescinded as provided in this section.

9 (5) ~~—(3)—~~ A husband and wife who are required to file or who
10 do file a joint Michigan income tax return are entitled to not
11 more than 1 exemption under this section. For taxes levied after
12 December 31, 2002, a person is not entitled to an exemption under
13 this section if any of the following conditions occur:

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

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

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

26 (d) That person has filed an income tax return in a state
27 other than this state as a resident, except active duty military

1 personnel stationed in this state with his or her principal
2 residence in this state.

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

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

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

14 (6) ~~-(4)-~~ Upon receipt of an affidavit filed under subsection
15 (2) and unless the claim is denied under this section, the
16 assessor shall exempt the property from the collection of the tax
17 levied by a local school district for school operating purposes
18 to the extent provided under section 1211 of the revised school
19 code, 1976 PA 451, MCL 380.1211, as provided in subsection (1)
20 until December 31 of the year in which the property is
21 transferred or is no longer a principal residence as defined in
22 section 7dd. The local tax collecting unit shall forward copies
23 of affidavits to the department of treasury according to a
24 schedule prescribed by the department of treasury.

25 (7) ~~-(5)-~~ Not more than 90 days after exempted property is no
26 longer used as a principal residence by the owner claiming an
27 exemption, that owner shall rescind the claim of exemption by

1 filing with the local tax collecting unit a rescission form
2 prescribed by the department of treasury. An owner who fails to
3 file a rescission as required by this subsection is subject to a
4 penalty of \$5.00 per day for each separate failure beginning
5 after the 90 days have elapsed, up to a maximum of \$200.00. This
6 penalty shall be collected under 1941 PA 122, MCL 205.1 to
7 205.31, and shall be deposited in the state school aid fund
8 established in section 11 of article IX of the state constitution
9 of 1963. This penalty may be waived by the department of
10 treasury.

11 **(8)** ~~—(6)—~~ If the assessor of the local tax collecting unit
12 believes that the property for which an exemption is claimed is
13 not the principal residence of the owner claiming the exemption,
14 the assessor may deny a new or existing claim by notifying the
15 owner and the department of treasury in writing of the reason for
16 the denial and advising the owner that the denial may be appealed
17 to the residential and small claims division of the Michigan tax
18 tribunal within 35 days after the date of the notice. The
19 assessor may deny a claim for exemption for the current year and
20 for the 3 immediately preceding calendar years. If the assessor
21 denies an existing claim for exemption, the assessor shall remove
22 the exemption of the property and, if the tax roll is in the
23 local tax collecting unit's possession, amend the tax roll to
24 reflect the denial and the local treasurer shall within 30 days
25 of the date of the denial issue a corrected tax bill for any
26 additional taxes with interest at the rate of 1.25% per month or
27 fraction of a month and penalties computed from the date the

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

1 claimed the exemption under this section for the tax, interest,
2 and penalties accruing as a result of the denial of the claim for
3 exemption, if any, as for unpaid taxes provided under 1941 PA
4 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty
5 collected into the state school aid fund and shall distribute any
6 interest collected as provided in subsection ~~-(23)-~~ (25). The
7 denial shall be made on a form prescribed by the department of
8 treasury. If the property for which the assessor has denied a
9 claim for exemption under this subsection is located in a county
10 in which the county treasurer or the county equalization director
11 have elected to audit exemptions under subsection ~~-(10)-~~ (12),
12 the assessor shall notify the county treasurer or the county
13 equalization director of the denial under this subsection.

14 (9) ~~-(7)-~~ If the assessor of the local tax collecting unit
15 believes that the property for which the exemption is claimed is
16 not the principal residence of the owner claiming the exemption
17 and has not denied the claim, the assessor shall include a
18 recommendation for denial with any affidavit that is forwarded to
19 the department of treasury or, for an existing claim, shall send
20 a recommendation for denial to the department of treasury,
21 stating the reasons for the recommendation.

22 (10) ~~-(8)-~~ The department of treasury shall determine if the
23 property is the principal residence of the owner claiming the
24 exemption. The department of treasury may review the validity of
25 exemptions for the current calendar year and for the 3
26 immediately preceding calendar years. If the department of
27 treasury determines that the property is not the principal

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

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

1 as a result of the denial of the claim for exemption, if any, as
2 for unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31,
3 and shall deposit any tax or penalty collected into the state
4 school aid fund and shall distribute any interest collected as
5 provided in subsection ~~-(23)-~~ (25).

6 (11) ~~-(9)-~~ The department of treasury may enter into an
7 agreement regarding the implementation or administration of
8 subsection ~~-(8)-~~ (10) with the assessor of any local tax
9 collecting unit in a county that has not elected to audit
10 exemptions claimed under this section as provided in subsection
11 ~~-(10)-~~ (12). The agreement may specify that for a period of
12 time, not to exceed 120 days, the department of treasury will not
13 deny an exemption identified by the department of treasury in the
14 list provided under subsection ~~-(11)-~~ (13).

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

1 election to audit is made. The election to audit form required
2 under this subsection shall be in a form prescribed by the
3 department of treasury. If a county elects to audit the
4 exemptions claimed under this section, the department of treasury
5 may continue to review the validity of exemptions as provided in
6 subsection ~~-(8)-~~ (10). If a county does not elect to audit the
7 exemptions claimed under this section as provided in this
8 subsection, the department of treasury shall conduct an audit of
9 exemptions claimed under this section in the initial 2-year audit
10 period for each local tax collecting unit in that county unless
11 the department of treasury has entered into an agreement with the
12 assessor for that local tax collecting unit under subsection
13 ~~-(9)-~~ (11).

14 (13) ~~-(11)-~~ If a county elects to audit the exemptions
15 claimed under this section as provided in subsection ~~-(10)-~~ (12)
16 and the county treasurer or his or her designee or the county
17 equalization director or his or her designee believes that the
18 property for which an exemption is claimed is not the principal
19 residence of the owner claiming the exemption, the county
20 treasurer or his or her designee or the county equalization
21 director or his or her designee may deny an existing claim by
22 notifying the owner, the assessor of the local tax collecting
23 unit, and the department of treasury in writing of the reason for
24 the denial and advising the owner that the denial may be appealed
25 to the residential and small claims division of the Michigan tax
26 tribunal within 35 days after the date of the notice. The county
27 treasurer or his or her designee or the county equalization

1 director or his or her designee may deny a claim for exemption
2 for the current year and for the 3 immediately preceding calendar
3 years. If the county treasurer or his or her designee or the
4 county equalization director or his or her designee denies an
5 existing claim for exemption, the county treasurer or his or her
6 designee or the county equalization director or his or her
7 designee shall direct the assessor of the local tax collecting
8 unit in which the property is located to remove the exemption of
9 the property from the assessment roll and, if the tax roll is in
10 the local tax collecting unit's possession, direct the assessor
11 of the local tax collecting unit to amend the tax roll to reflect
12 the denial and the treasurer of the local tax collecting unit
13 shall within 30 days of the date of the denial issue a corrected
14 tax bill for any additional taxes with interest at the rate of
15 1.25% per month or fraction of a month and penalties computed
16 from the date the taxes were last payable without interest and
17 penalty. If the tax roll is in the county treasurer's
18 possession, the tax roll shall be amended to reflect the denial
19 and the county treasurer shall within 30 days of the date of the
20 denial prepare and submit a supplemental tax bill for any
21 additional taxes, together 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 or penalty.
24 Interest on any tax set forth in a corrected or supplemental tax
25 bill shall again begin to accrue 60 days after the date the
26 corrected or supplemental tax bill is issued at the rate of 1.25%
27 per month or fraction of a month. Taxes levied in a corrected or

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

1 treasurer or his or her designee or the county equalization
2 director or his or her designee shall forward copies of the list
3 provided by the department of treasury to each assessor in each
4 local tax collecting unit in that county within 10 days of
5 receiving the list.

6 **(14)** ~~—(12)—~~ If a county elects to audit exemptions claimed
7 under this section as provided in subsection ~~—(10)—~~ **(12)**, the
8 county treasurer or the county equalization director may enter
9 into an agreement with the assessor of a local tax collecting
10 unit in that county regarding the implementation or
11 administration of this section. The agreement may specify that
12 for a period of time, not to exceed 120 days, the county will not
13 deny an exemption identified by the department of treasury in the
14 list provided under subsection ~~—(11)—~~ **(13)**.

15 **(15)** ~~—(13)—~~ An owner may appeal a denial by the assessor of
16 the local tax collecting unit under subsection ~~—(6)—~~ **(8)**, a final
17 decision of the department of treasury under subsection ~~—(8)—~~
18 **(10)**, or a denial by the county treasurer or his or her designee
19 or the county equalization director or his or her designee under
20 subsection ~~—(11)—~~ **(13)** to the residential and small claims
21 division of the Michigan tax tribunal within 35 days of that
22 decision. An owner is not required to pay the amount of tax in
23 dispute in order to appeal a denial of a claim of exemption to
24 the department of treasury or to receive a final determination of
25 the residential and small claims division of the Michigan tax
26 tribunal. However, interest at the rate of 1.25% per month or
27 fraction of a month and penalties shall accrue and be computed

1 from the date the taxes were last payable without interest and
2 penalty. If the residential and small claims division of the
3 Michigan tax tribunal grants an owner's appeal of a denial and
4 that owner has paid the interest due as a result of a denial
5 under subsection ~~-(6), (8), or (11)-~~ **(8), (10), or (13)**, the
6 interest received after a distribution was made under subsection
7 ~~-(23)-~~ **(25)** shall be refunded.

8 **(16)** ~~-(14)-~~ For taxes levied after December 31, 2005, for
9 each county in which the county treasurer or the county
10 equalization director does not elect to audit the exemptions
11 claimed under this section as provided in subsection ~~-(10)-~~ **(12)**,
12 the department of treasury shall conduct an annual audit of
13 exemptions claimed under this section for the current calendar
14 year.

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

1 rescission form has been timely filed under subsection ~~-(5)-~~
2 (7).

3 (18) ~~-(16)-~~ If the principal residence is part of a unit in a
4 multiple-unit dwelling or a dwelling unit in a multiple-purpose
5 structure, an owner shall claim an exemption for only that
6 portion of the total taxable value of the property used as the
7 principal residence of that owner in a manner prescribed by the
8 department of treasury. If a portion of a parcel for which the
9 owner claims an exemption is used for a purpose other than as a
10 principal residence, the owner shall claim an exemption for only
11 that portion of the taxable value of the property used as the
12 principal residence of that owner in a manner prescribed by the
13 department of treasury.

14 (19) ~~-(17)-~~ When a county register of deeds records a
15 transfer of ownership of a property, he or she shall notify the
16 local tax collecting unit in which the property is located of the
17 transfer.

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

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

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

1 **(22)** ~~—(20)—~~ If the assessor or treasurer of the local tax
2 collecting unit believes that the department of treasury
3 erroneously denied a claim for exemption, the assessor or
4 treasurer may submit written information supporting the owner's
5 claim for exemption to the department of treasury within 35 days
6 of the owner's receipt of the notice denying the claim for
7 exemption. If, after reviewing the information provided, the
8 department of treasury determines that the claim for exemption
9 was erroneously denied, the department of treasury shall grant
10 the exemption and the tax roll shall be amended to reflect the
11 exemption.

12 **(23)** ~~—(21)—~~ If granting the exemption under this section
13 results in an overpayment of the tax, a rebate, including any
14 interest paid, shall be made to the taxpayer by the local tax
15 collecting unit if the local tax collecting unit has possession
16 of the tax roll or by the county treasurer if the county has
17 possession of the tax roll within 30 days of the date the
18 exemption is granted. The rebate shall be without interest.

19 **(24)** ~~—(22)—~~ If an exemption under this section is erroneously
20 granted for an affidavit filed before October 1, 2003, an owner
21 may request in writing that the department of treasury withdraw
22 the exemption. The request to withdraw the exemption shall be
23 received not later than November 1, 2003. If an owner requests
24 that an exemption be withdrawn, the department of treasury shall
25 issue an order notifying the local assessor that the exemption
26 issued under this section has been denied based on the owner's
27 request. If an exemption is withdrawn, the property that had

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

20 **(25)** ~~—(23)—~~ Subject to subsection ~~—(24)—~~ **(26)**, interest at
 21 the rate of 1.25% per month or fraction of a month collected
 22 under subsection ~~—(6), (8), or (11)—~~ **(8), (10), or (13)** shall be
 23 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%.

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

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

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

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

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

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

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

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

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

(26) ~~-(24)-~~ Interest distributed under subsection ~~-(23)-~~ **(25)** is subject to the following conditions:

(a) Interest distributed to a county shall be deposited into a restricted fund to be used solely for the administration of exemptions under this section. Money in that restricted fund shall lapse to the county general fund on the December 31 in the year 3 years after the first distribution of interest to the county under subsection ~~-(23)-~~ **(25)** and on each succeeding December 31 thereafter.

(b) Interest distributed to the department of treasury shall be deposited into the principal residence property tax exemption audit fund, which is created within the state treasury. The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the

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

7 (27) ~~-(25)-~~ Interest distributed under subsection ~~-(23)-~~ (25)
8 is in addition to and shall not affect the levy or collection of
9 the county property tax administration fee established under this
10 act.

11 (28) ~~-(26)-~~ A cooperative housing corporation is entitled to
12 a full or partial exemption under this section for the tax year
13 in which the cooperative housing corporation files all of the
14 following with the local tax collecting unit in which the
15 cooperative housing corporation is located if filed on or before
16 May 1:

17 (a) An affidavit form.

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

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

27 (d) A statement of the total number of units of the

1 cooperative housing corporation on which an exemption under this
2 section was claimed and that were transferred in the tax year
3 immediately preceding the tax year in which the filing under this
4 section was made.

5 **(29)** ~~—(27)—~~ Before May 1, 2004 and before May 1, 2005, the
6 treasurer of each county shall forward to the department of
7 education a statement of the taxable value of each school
8 district and fraction of a school district within the county for
9 the preceding 4 calendar years. This requirement is in addition
10 to the requirement set forth in section 151 of the state school
11 aid act of 1979, 1979 PA 94, MCL 388.1751.