

# SENATE BILL No. 1433

September 28, 2004, Introduced by Senator BIRKHOLZ and referred to the Committee on Commerce and Labor.

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15 property in this state that is not rescinded or a substantially  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17 state that is not rescinded.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24 shall remain in effect until rescinded as provided in this  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

26 (3) A husband and wife who are required to file or who do  
27 file a joint Michigan income tax return are entitled to not more

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

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6 is not rescinded.

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

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

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

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

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

27 (ii) That person has rescinded an exemption under this

1 section on other property, which exemption remains in effect for  
2 that tax year, and there has not been a transfer of ownership of  
3 that property.

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

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

1 (6) If the assessor of the local tax collecting unit believes  
2 that the property for which an exemption is claimed is not the  
3 principal residence of the owner claiming the exemption, the  
4 assessor may deny a new or existing claim by notifying the owner  
5 and the department of treasury in writing of the reason for the  
6 denial and advising the owner that the denial may be appealed to  
7 the residential and small claims division of the Michigan tax  
8 tribunal within 35 days after the date of the notice. The  
9 assessor may deny a claim for exemption for the current year and  
10 for the 3 immediately preceding calendar years. If the assessor  
11 denies an existing claim for exemption, the assessor shall remove  
12 the exemption of the property and, if the tax roll is in the  
13 local tax collecting unit's possession, amend the tax roll to  
14 reflect the denial and the local treasurer shall within 30 days  
15 of the date of the denial issue a corrected tax bill for any  
16 additional taxes with interest at the rate of 1.25% per month or  
17 fraction of a month and penalties computed from the date the  
18 taxes were last payable without interest or penalty. If the tax  
19 roll is in the county treasurer's possession, the tax roll shall  
20 be amended to reflect the denial and the county treasurer shall  
21 within 30 days of the date of the denial prepare and submit a  
22 supplemental tax bill for any additional taxes, together with  
23 interest at the rate of 1.25% per month or fraction of a month  
24 and penalties computed from the date the taxes were last payable  
25 without interest or penalty. Interest on any tax set forth in a  
26 corrected or supplemental tax bill shall again begin to accrue 60  
27 days after the date the corrected or supplemental tax bill is

1 issued at the rate of 1.25% per month or fraction of a month.  
2 Taxes levied in a corrected or supplemental tax bill shall be  
3 returned as delinquent on the March 1 in the year immediately  
4 succeeding the year in which the corrected or supplemental tax  
5 bill is issued. If the assessor denies an existing claim for  
6 exemption, the interest due shall be distributed as provided in  
7 subsection (23). However, if the property has been transferred  
8 to a bona fide purchaser before additional taxes were billed to  
9 the seller as a result of the denial of a claim for exemption,  
10 the taxes, interest, and penalties shall not be a lien on the  
11 property and shall not be billed to the bona fide purchaser, and  
12 the local tax collecting unit if the local tax collecting unit  
13 has possession of the tax roll or the county treasurer if the  
14 county has possession of the tax roll shall notify the department  
15 of treasury of the amount of tax due, interest, and penalties  
16 through the date of that notification. The department of  
17 treasury shall then assess the owner who claimed the exemption  
18 under this section for the tax, interest, and penalties 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). The denial shall be made on a form  
24 prescribed by the department of treasury. If the property for  
25 which the assessor has denied a claim for exemption under this  
26 subsection is located in a county in which the county treasurer  
27 or the county equalization director have elected to audit

1 exemptions under subsection (10), the assessor shall notify the  
2 county treasurer or the county equalization director of the  
3 denial under this subsection.

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

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

1 appeal the denial of a claim of exemption to the department of  
2 treasury within 35 days of receipt of the notice of denial. An  
3 appeal to the department of treasury shall be conducted according  
4 to the provisions for an informal conference in section 21 of  
5 1941 PA 122, MCL 205.21. Within 10 days after acknowledging an  
6 appeal of a denial of a claim of exemption, the department of  
7 treasury shall notify the assessor and the treasurer for the  
8 county in which the property is located that an appeal has been  
9 filed. Upon receipt of a notice that the department of treasury  
10 has denied a claim for exemption, the assessor shall remove the  
11 exemption of the property and, if the tax roll is in the local  
12 tax collecting unit's possession, amend the tax roll to reflect  
13 the denial and the local treasurer shall within 30 days of the  
14 date of the denial issue a corrected tax bill for any additional  
15 taxes with interest at the rate of 1.25% per month or fraction of  
16 a month and penalties computed from the date the taxes were last  
17 payable without interest and penalty. If the tax roll is in the  
18 county treasurer's possession, the tax roll shall be amended to  
19 reflect the denial and the county treasurer shall within 30 days  
20 of the date of the denial prepare and submit a supplemental tax  
21 bill for any additional taxes, together with interest at the rate  
22 of 1.25% per month or fraction of a month and penalties computed  
23 from the date the taxes were last payable without interest or  
24 penalty. Interest on any tax set forth in a corrected or  
25 supplemental tax bill shall again begin to accrue 60 days after  
26 the date the corrected or supplemental tax bill is issued at the  
27 rate of 1.25% per month or fraction of a month. Taxes levied in

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

23 (9) The department of treasury may enter into an agreement  
24 regarding the implementation or administration of subsection (8)  
25 with the assessor of any local tax collecting unit in a county  
26 that has not elected to audit exemptions claimed under this  
27 section as provided in subsection (10). The agreement may

1 specify that for a period of time, not to exceed 120 days, the  
2 department of treasury will not deny an exemption identified by  
3 the department of treasury in the list provided under subsection  
4 (11).

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

1 assessor for that local tax collecting unit under subsection  
2 (9).

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

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

1 unit if the local tax collecting unit has possession of the tax  
2 roll or the county treasurer if the county has possession of the  
3 tax roll shall notify the department of treasury of the amount of  
4 tax due and interest through the date of that notification. The  
5 department of treasury shall then assess the owner who claimed  
6 the exemption under this section for the tax and interest plus  
7 penalty accruing as a result of the denial of the claim for  
8 exemption, if any, as for unpaid taxes provided under 1941 PA  
9 122, MCL 205.1 to 205.31, and shall deposit any tax or penalty  
10 collected into the state school aid fund and shall distribute any  
11 interest collected as provided in subsection (23). The  
12 department of treasury shall annually provide the county  
13 treasurer or his or her designee or the county equalization  
14 director or his or her designee a list of parcels of property  
15 located in that county for which an exemption may be erroneously  
16 claimed. The county treasurer or his or her designee or the  
17 county equalization director or his or her designee shall forward  
18 copies of the list provided by the department of treasury to each  
19 assessor in each local tax collecting unit in that county within  
20 10 days of receiving the list.

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

1 by the department of treasury in the list provided under  
2 subsection (11).

3 (13) An owner may appeal a denial by the assessor of the  
4 local tax collecting unit under subsection (6), a final decision  
5 of the department of treasury under subsection (8), or a denial  
6 by the county treasurer or his or her designee or the county  
7 equalization director or his or her designee under subsection  
8 (11) to the residential and small claims division of the Michigan  
9 tax tribunal within 35 days of that decision. An owner is not  
10 required to pay the amount of tax in dispute in order to appeal a  
11 denial of a claim of exemption to the department of treasury or  
12 to receive a final determination of the residential and small  
13 claims division of the Michigan tax tribunal. However, interest  
14 at the rate of 1.25% per month or fraction of a month and  
15 penalties shall accrue and be computed from the date the taxes  
16 were last payable without interest and penalty. If the  
17 residential and small claims division of the Michigan tax  
18 tribunal grants an owner's appeal of a denial and that owner has  
19 paid the interest due as a result of a denial under subsection  
20 (6), (8), or (11), the interest received after a distribution was  
21 made under subsection (23) shall be refunded.

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

1           (15) An affidavit filed by an owner for the exemption under  
2 this section rescinds all previous exemptions filed by that owner  
3 for any other property. The department of treasury shall notify  
4 the assessor of the local tax collecting unit in which the  
5 property for which a previous exemption was claimed is located  
6 that the previous exemption is rescinded by the subsequent  
7 affidavit. When an exemption is rescinded, the assessor of the  
8 local tax collecting unit shall remove the exemption effective  
9 December 31 of the year in which the affidavit was filed that  
10 rescinded the exemption. For any year for which the rescinded  
11 exemption has not been removed from the tax roll, the exemption  
12 shall be denied as provided in this section. However, interest  
13 and penalty shall not be imposed for a year for which a  
14 rescission form has been timely filed under subsection (5).

15           (16) If the principal residence is part of a unit in a  
16 multiple-unit dwelling or a dwelling unit in a multiple-purpose  
17 structure, an owner shall claim an exemption for only that  
18 portion of the total taxable value of the property used as the  
19 principal residence of that owner in a manner prescribed by the  
20 department of treasury. If a portion of a parcel for which the  
21 owner claims an exemption is ~~used for a purpose other than as a~~  
22 ~~principal residence~~ **leased to another person as an auxiliary**  
23 **dwelling unit**, the owner ~~shall~~ **may** claim an exemption for ~~only~~  
24 ~~that portion of the taxable value of the property used as the~~  
25 ~~principal residence of that owner in a manner prescribed by the~~  
26 ~~department of treasury~~ **the entire parcel**.

27           (17) When a county register of deeds records a transfer of

1 ownership of a property, he or she shall notify the local tax  
2 collecting unit in which the property is located of the  
3 transfer.

4 (18) The department of treasury shall make available the  
5 affidavit forms and the forms to rescind an exemption, which may  
6 be on the same form, to all city and township assessors, county  
7 equalization officers, county registers of deeds, and closing  
8 agents. A person who prepares a closing statement for the sale  
9 of property shall provide affidavit and rescission forms to the  
10 buyer and seller at the closing and, if requested by the buyer or  
11 seller after execution by the buyer or seller, shall file the  
12 forms with the local tax collecting unit in which the property is  
13 located. If a closing statement preparer fails to provide  
14 exemption affidavit and rescission forms to the buyer and seller,  
15 or fails to file the affidavit and rescission forms with the  
16 local tax collecting unit if requested by the buyer or seller,  
17 the buyer may appeal to the department of treasury within 30 days  
18 of notice to the buyer that an exemption was not recorded. If  
19 the department of treasury determines that the buyer qualifies  
20 for the exemption, the department of treasury shall notify the  
21 assessor of the local tax collecting unit that the exemption is  
22 granted and the assessor of the local tax collecting unit or, if  
23 the tax roll is in the possession of the county treasurer, the  
24 county treasurer shall correct the tax roll to reflect the  
25 exemption. This subsection does not create a cause of action at  
26 law or in equity against a closing statement preparer who fails  
27 to provide exemption affidavit and rescission forms to a buyer

1 and seller or who fails to file the affidavit and rescission  
2 forms with the local tax collecting unit when requested to do so  
3 by the buyer or seller.

4 (19) An owner who owned and occupied a principal residence on  
5 May 1 for which the exemption was not on the tax roll may file an  
6 appeal with the July board of review or December board of review  
7 in the year for which the exemption was claimed or the  
8 immediately succeeding 3 years. If an appeal of a claim for  
9 exemption that was not on the tax roll is received not later than  
10 5 days prior to the date of the December board of review, the  
11 local tax collecting unit shall convene a December board of  
12 review and consider the appeal pursuant to this section and  
13 section 53b.

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

24 (21) If granting the exemption under this section results in  
25 an overpayment of the tax, a rebate, including any interest paid,  
26 shall be made to the taxpayer by the local tax collecting unit if  
27 the local tax collecting unit has possession of the tax roll or

1 by the county treasurer if the county has possession of the tax  
2 roll within 30 days of the date the exemption is granted. The  
3 rebate shall be without interest.

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

1 after the corrected tax bill is issued is liable for the  
2 penalties and interest that would have accrued if the exemption  
3 had not been granted from the date the taxes were originally  
4 levied.

5 (23) Subject to subsection (24), interest at the rate of  
6 1.25% per month or fraction of a month collected under subsection  
7 (6), (8), or (11) shall be distributed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (a) Interest distributed to a county shall be deposited into  
27 a restricted fund to be used solely for the administration of

1 exemptions under this section. Money in that restricted fund  
2 shall lapse to the county general fund on the December 31 in the  
3 year 3 years after the first distribution of interest to the  
4 county under subsection (23) and on each succeeding December 31  
5 thereafter.

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

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

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

27 (a) An affidavit form.

1 (b) A statement of the total number of units owned by the  
2 cooperative housing corporation and occupied as the principal  
3 residence of a tenant stockholder as of the date of the filing  
4 under this subsection.

5 (c) A list that includes the name, address, and social  
6 security number of each tenant stockholder of the cooperative  
7 housing corporation occupying a unit in the cooperative housing  
8 corporation as his or her principal residence as of the date of  
9 the filing under this subsection.

10 (d) A statement of the total number of units of the  
11 cooperative housing corporation on which an exemption under this  
12 section was claimed and that were transferred in the tax year  
13 immediately preceding the tax year in which the filing under this  
14 section was made.

15 (27) Before May 1, 2004 and before May 1, 2005, the treasurer  
16 of each county shall forward to the department of education a  
17 statement of the taxable value of each school district and  
18 fraction of a school district within the county for the preceding  
19 4 calendar years. This requirement is in addition to the  
20 requirement set forth in section 151 of the state school aid act  
21 of 1979, 1979 PA 94, MCL 388.1751.