

**SUBSTITUTE FOR  
HOUSE BILL NO. 4069**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 27 and 34d (MCL 211.27 and 211.34d), section  
27 as amended by 2013 PA 162 and section 34d as amended by 2014 PA  
164.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 27. (1) As used in this act, "true cash value" means the  
2 usual selling price at the place where the property to which the  
3 term is applied is at the time of assessment, being the price that  
4 could be obtained for the property at private sale, and not at  
5 auction sale except as otherwise provided in this section, or at  
6 forced sale. The usual selling price may include sales at public  
7 auction held by a nongovernmental agency or person if those sales



1 have become a common method of acquisition in the jurisdiction for  
2 the class of property being valued. The usual selling price does  
3 not include sales at public auction if the sale is part of a  
4 liquidation of the seller's assets in a bankruptcy proceeding or if  
5 the seller is unable to use common marketing techniques to obtain  
6 the usual selling price for the property. A sale or other  
7 disposition by this state or an agency or political subdivision of  
8 this state of land acquired for delinquent taxes or an appraisal  
9 made in connection with the sale or other disposition or the value  
10 attributed to the property of regulated public utilities by a  
11 governmental regulatory agency for rate-making purposes is not  
12 controlling evidence of true cash value for assessment purposes. In  
13 determining the true cash value, the assessor shall also consider  
14 the advantages and disadvantages of location; quality of soil;  
15 zoning; existing use; present economic income of structures,  
16 including farm structures; present economic income of land if the  
17 land is being farmed or otherwise put to income producing use;  
18 quantity and value of standing timber; water power and privileges;  
19 minerals, quarries, or other valuable deposits not otherwise exempt  
20 under this act known to be available in the land and their value.  
21 In determining the true cash value of personal property owned by an  
22 electric utility cooperative, the assessor shall consider the  
23 number of kilowatt hours of electricity sold per mile of  
24 distribution line compared to the average number of kilowatt hours  
25 of electricity sold per mile of distribution line for all electric  
26 utilities.

27 (2) The assessor shall not consider the increase in true cash  
28 value that is a result of expenditures for normal repairs,  
29 replacement, and maintenance in determining the true cash value of



1 property for assessment purposes until the property is sold. For  
2 the purpose of implementing this subsection, the assessor shall not  
3 increase the construction quality classification or reduce the  
4 effective age for depreciation purposes, except if the appraisal of  
5 the property was erroneous before nonconsideration of the normal  
6 repair, replacement, or maintenance, and shall not assign an  
7 economic condition factor to the property that differs from the  
8 economic condition factor assigned to similar properties as defined  
9 by appraisal procedures applied in the jurisdiction. The increase  
10 in value attributable to the items included in subdivisions (a) to  
11 ~~(o)~~ **(p)** that is known to the assessor and excluded from true cash  
12 value shall be indicated on the assessment roll. This subsection  
13 applies only to residential property. The following repairs are  
14 considered normal maintenance if they are not part of a structural  
15 addition or completion:

16 (a) Outside painting.

17 (b) Repairing or replacing siding, roof, porches, steps,  
18 sidewalks, or drives.

19 (c) Repainting, repairing, or replacing existing masonry.

20 (d) Replacing awnings.

21 (e) Adding or replacing gutters and downspouts.

22 (f) Replacing storm windows or doors.

23 (g) Insulating or weatherstripping.

24 (h) Complete rewiring.

25 (i) Replacing plumbing and light fixtures.

26 (j) Replacing a furnace with a new furnace of the same type or  
27 replacing an oil or gas burner.

28 (k) Repairing plaster, inside painting, or other redecorating.

29 (l) New ceiling, wall, or floor surfacing.



1 (m) Removing partitions to enlarge rooms.

2 (n) Replacing an automatic hot water heater.

3 (o) Replacing dated interior woodwork.

4 (p) **Installing, replacing, or repairing an alternative energy**  
5 **system, without regard to ownership of the system, with a**  
6 **generating capacity of not more than 150 kilowatts, the annual**  
7 **energy output of which does not exceed the annual energy**  
8 **consumption measured by the utility-provided electrical meter on**  
9 **the system to which it is connected. As used in this subdivision,**  
10 **"alternative energy system" means that term as defined in section 2**  
11 **of the Michigan next energy authority act, 2002 PA 593, MCL**  
12 **207.822.**

13 (3) A city or township assessor, a county equalization  
14 department, or the state tax commission before utilizing real  
15 estate sales data on real property purchases, including purchases  
16 by land contract, to determine assessments or in making sales ratio  
17 studies to assess property or equalize assessments shall exclude  
18 from the sales data the following amounts allowed by subdivisions  
19 (a), (b), and (c) to the extent that the amounts are included in  
20 the real property purchase price and are so identified in the real  
21 estate sales data or certified to the assessor as provided in  
22 subdivision (d):

23 (a) Amounts paid for obtaining financing of the purchase price  
24 of the property or the last conveyance of the property.

25 (b) Amounts attributable to personal property that were  
26 included in the purchase price of the property in the last  
27 conveyance of the property.

28 (c) Amounts paid for surveying the property pursuant to the  
29 last conveyance of the property. The legislature may require local



1 units of government, including school districts, to submit reports  
 2 of revenue lost under subdivisions (a) and (b) and this subdivision  
 3 so that the state may reimburse those units for that lost revenue.

4 (d) The purchaser of real property, including a purchaser by  
 5 land contract, may file with the assessor of the city or township  
 6 in which the property is located 2 copies of the purchase agreement  
 7 or of an affidavit that identifies the amount, if any, for each  
 8 item listed in subdivisions (a) to (c). One copy shall be forwarded  
 9 by the assessor to the county equalization department. The  
 10 affidavit shall be prescribed by the state tax commission.

11 (4) In finalizing sales studies for property classified as  
 12 agricultural real property under section 34c, an assessor and  
 13 equalization director shall determine if an affidavit for the  
 14 property has been filed under section ~~27a(7)(n)~~. **27a(7)(o)**. If an  
 15 affidavit has not been filed, the property shall be reviewed to  
 16 determine if classification as agricultural real property under  
 17 section 34c is correct or should be changed. The assessor for the  
 18 local tax collecting unit in which the property is located shall  
 19 contact the property owner to determine why the property owner did  
 20 not file an affidavit under section ~~27a(7)(n)~~. **27a(7)(o)**. Unless  
 21 there are convincing facts to the contrary, the sale of property  
 22 classified as agricultural real property under section 34c for  
 23 which an affidavit under section ~~27a(7)(n)~~. **27a(7)(o)** has not been  
 24 filed shall not be included in a sales study.

25 (5) As used in subsection (1), "present economic income" means  
 26 for leased or rented property the ordinary, general, and usual  
 27 economic return realized from the lease or rental of property  
 28 negotiated under current, contemporary conditions between parties  
 29 equally knowledgeable and familiar with real estate values. The



1 actual income generated by the lease or rental of property is not  
2 the controlling indicator of its true cash value in all cases. This  
3 subsection does not apply to property subject to a lease entered  
4 into before January 1, 1984 for which the terms of the lease  
5 governing the rental rate or tax liability have not been  
6 renegotiated after December 31, 1983. This subsection does not  
7 apply to a nonprofit housing cooperative subject to regulatory  
8 agreements between the state or federal government entered into  
9 before January 1, 1984. As used in this subsection, "nonprofit  
10 cooperative housing corporation" means a nonprofit cooperative  
11 housing corporation that is engaged in providing housing services  
12 to its stockholders and members and that does not pay dividends or  
13 interest upon stock or membership investment but that does  
14 distribute all earnings to its stockholders or members.

15 (6) Except as otherwise provided in subsection (7), the  
16 purchase price paid in a transfer of property is not the  
17 presumptive true cash value of the property transferred. In  
18 determining the true cash value of transferred property, an  
19 assessing officer shall assess that property using the same  
20 valuation method used to value all other property of that same  
21 classification in the assessing jurisdiction. As used in this  
22 subsection and subsection (7), "purchase price" means the total  
23 consideration agreed to in an arms-length transaction and not at a  
24 forced sale paid by the purchaser of the property, stated in  
25 dollars, whether or not paid in dollars.

26 (7) The purchase price paid in a transfer of eligible  
27 nonprofit housing property from a charitable nonprofit housing  
28 organization to a low-income person that occurs after December 31,  
29 2010 is the presumptive true cash value of the eligible nonprofit



1 housing property transferred. In the year immediately succeeding  
2 the year in which the transfer of eligible nonprofit housing  
3 property occurs and each year thereafter, the taxable value of the  
4 eligible nonprofit housing property shall be adjusted as provided  
5 under section 27a. As used in this subsection:

6 (a) "Charitable nonprofit housing organization" means a  
7 charitable nonprofit organization the primary purpose of which is  
8 the construction or renovation of residential housing for  
9 conveyance to a low-income person.

10 (b) "Eligible nonprofit housing property" means property owned  
11 by a charitable nonprofit housing organization, the ownership of  
12 which the charitable nonprofit housing organization intends to  
13 transfer to a low-income person after construction or renovation of  
14 the property is completed.

15 (c) "Family income" and "statewide median gross income" mean  
16 those terms as defined in section 11 of the state housing  
17 development authority act of 1966, 1966 PA 346, MCL 125.1411.

18 (d) "Low-income person" means a person with a family income of  
19 not more than 60% of the statewide median gross income who is  
20 eligible to participate in the charitable nonprofit housing  
21 organization's program based on criteria established by the  
22 charitable nonprofit housing organization.

23 (8) For purposes of a statement submitted under section 19,  
24 the true cash value of a standard tool is the net book value of  
25 that standard tool as of December 31 in each tax year as determined  
26 using generally accepted accounting principles in a manner  
27 consistent with the established depreciation method used by the  
28 person submitting that statement. The net book value of a standard  
29 tool for federal income tax purposes is not the presumptive true



1 cash value of that standard tool. As used in this subsection,  
2 "standard tool" means that term as defined in section 9b.

3 Sec. 34d. (1) As used in this section or section 27a, or  
4 section 3 or 31 of article IX of the state constitution of 1963:

5 (a) For taxes levied before 1995, "additions" means all  
6 increases in value caused by new construction or a physical  
7 addition of equipment or furnishings, and the value of property  
8 that was exempt from taxes or not included on the assessment unit's  
9 immediately preceding year's assessment roll.

10 (b) For taxes levied after 1994, "additions" means, except as  
11 provided in subdivision (c), all of the following:

12 (i) Omitted real property. As used in this subparagraph,  
13 "omitted real property" means previously existing tangible real  
14 property not included in the assessment. Omitted real property  
15 shall not increase taxable value as an addition unless the  
16 assessing jurisdiction has a property record card or other  
17 documentation showing that the omitted real property was not  
18 previously included in the assessment. The assessing jurisdiction  
19 has the burden of proof in establishing whether the omitted real  
20 property is included in the assessment. Omitted real property for  
21 the current and the 2 immediately preceding years, discovered after  
22 the assessment roll has been completed, shall be added to the tax  
23 roll pursuant to the procedures established in section 154. For  
24 purposes of determining the taxable value of real property under  
25 section 27a, the value of omitted real property is based on the  
26 value and the ratio of taxable value to true cash value the omitted  
27 real property would have had if the property had not been omitted.

28 (ii) Omitted personal property. As used in this subparagraph,  
29 "omitted personal property" means previously existing tangible



1 personal property not included in the assessment. Omitted personal  
2 property shall be added to the tax roll pursuant to section 154.

3 (iii) New construction. As used in this subparagraph, "new  
4 construction" means property not in existence on the immediately  
5 preceding tax day and not replacement construction. New  
6 construction includes the physical addition of equipment or  
7 furnishings, subject to the provisions set forth in section  
8 27(2) (a) to ~~(e)~~.—(p). For purposes of determining the taxable value  
9 of property under section 27a, the value of new construction is the  
10 true cash value of the new construction multiplied by 0.50.

11 (iv) Previously exempt property. As used in this subparagraph,  
12 "previously exempt property" means property that was exempt from ad  
13 valorem taxation under this act on the immediately preceding tax  
14 day but is subject to ad valorem taxation on the current tax day  
15 under this act. For purposes of determining the taxable value of  
16 real property under section 27a:

17 (A) The value of property previously exempt under section 7u  
18 is the taxable value the entire parcel of property would have had  
19 if that property had not been exempt, minus the product of the  
20 entire parcel's taxable value in the immediately preceding year and  
21 the lesser of 1.05 or the inflation rate.

22 (B) The taxable value of property that is a facility as that  
23 term is defined in section 2 of 1974 PA 198, MCL 207.552, that was  
24 previously exempt under section 7k is the taxable value that  
25 property would have had under this act if it had not been exempt.

26 (C) The value of property previously exempt under any other  
27 section of law is the true cash value of the previously exempt  
28 property multiplied by 0.50.

29 (v) Replacement construction. As used in this subparagraph,



1 "replacement construction" means construction that replaced  
2 property damaged or destroyed by accident or act of God and that  
3 occurred after the immediately preceding tax day to the extent the  
4 construction's true cash value does not exceed the true cash value  
5 of property that was damaged or destroyed by accident or act of God  
6 in the immediately preceding 3 years. Except as otherwise provided  
7 in this subparagraph, for purposes of determining the taxable value  
8 of property under section 27a, the value of the replacement  
9 construction is the true cash value of the replacement construction  
10 multiplied by a fraction, the numerator of which is the taxable  
11 value of the property to which the construction was added in the  
12 immediately preceding year and the denominator of which is the true  
13 cash value of the property to which the construction was added in  
14 the immediately preceding year, and then multiplied by the lesser  
15 of 1.05 or the inflation rate. However, after December 31, 2011,  
16 for purposes of determining the taxable value of property under  
17 section 27a, if the property's replacement construction is of  
18 substantially the same materials as determined by the state tax  
19 commission, if the square footage is not more than 5% greater than  
20 the property that was damaged or destroyed, and if the replacement  
21 construction is completed not later than December 31 in the year 3  
22 years after the accident or act of God occurred, the replacement  
23 construction's taxable value shall be equal to the taxable value of  
24 the property in the year immediately preceding the year in which  
25 the property was damaged or destroyed, adjusted annually as  
26 provided in section 27a(2). Any construction materials required to  
27 bring the property into compliance with any applicable health,  
28 sanitary, zoning, safety, fire, or construction codes or ordinances  
29 shall be considered to be substantially the same materials by the



1 state tax commission for the sake of replacement construction under  
2 this section.

3 (vi) An increase in taxable value attributable to the complete  
4 or partial remediation of environmental contamination existing on  
5 the immediately preceding tax day. The department of environmental  
6 quality shall determine the degree of remediation based on  
7 information available in existing department of environmental  
8 quality records or information made available to the department of  
9 environmental quality if the appropriate assessing officer for a  
10 local tax collecting unit requests that determination. The increase  
11 in taxable value attributable to the remediation is the increase in  
12 true cash value attributable to the remediation multiplied by a  
13 fraction, the numerator of which is the taxable value of the  
14 property had it not been contaminated and the denominator of which  
15 is the true cash value of the property had it not been  
16 contaminated.

17 (vii) Public services. As used in this subparagraph, "public  
18 services" means water service, sewer service, a primary access  
19 road, natural gas service, electrical service, telephone service,  
20 sidewalks, or street lighting. For purposes of determining the  
21 taxable value of real property under section 27a, the value of  
22 public services is the amount of increase in true cash value of the  
23 property attributable to the available public services multiplied  
24 by 0.50, and shall be added in the calendar year following the  
25 calendar year when those public services are initially available.

26 (c) For taxes levied after 1994, additions do not include  
27 increased value attributable to any of the following:

28 (i) Platting, splits, or combinations of property.

29 (ii) A change in the zoning of property.



1           (iii) For the purposes of the calculation of the millage  
2 reduction fraction under subsection (7) only, increased taxable  
3 value under section 27a(3) after a transfer of ownership of  
4 property.

5           (d) "Assessed valuation of property as finally equalized"  
6 means taxable value under section 27a.

7           (e) "Financial officer" means the officer responsible for  
8 preparing the budget of a unit of local government.

9           (f) "General price level" means the annual average of the 12  
10 monthly values for the United States ~~consumer price index~~ **Consumer**  
11 **Price Index** for all urban consumers as defined and officially  
12 reported by the United States ~~department~~ **Department** of ~~labor,~~  
13 ~~bureau~~ **Labor, Bureau** of ~~labor statistics~~ **Labor Statistics**.

14           (g) For taxes levied before 1995, "losses" means a decrease in  
15 value caused by the removal or destruction of real or personal  
16 property and the value of property taxed in the immediately  
17 preceding year that has been exempted or removed from the  
18 assessment unit's assessment roll.

19           (h) For taxes levied after 1994, "losses" means, except as  
20 provided in subdivision (i), all of the following:

21           (i) Property that has been destroyed or removed. For purposes  
22 of determining the taxable value of property under section 27a, the  
23 value of property destroyed or removed is the product of the true  
24 cash value of that property multiplied by a fraction, the numerator  
25 of which is the taxable value of that property in the immediately  
26 preceding year and the denominator of which is the true cash value  
27 of that property in the immediately preceding year.

28           (ii) Property that was subject to ad valorem taxation under  
29 this act in the immediately preceding year that is now exempt from



1 ad valorem taxation under this act. For purposes of determining the  
 2 taxable value of property under section 27a, the value of property  
 3 exempted from ad valorem taxation under this act is the amount  
 4 exempted.

5 (iii) Prior to December 31, 2013, an adjustment in value, if  
 6 any, because of a decrease in the property's occupancy rate, to the  
 7 extent provided by law. For purposes of determining the taxable  
 8 value of real property under section 27a, the value of a loss for a  
 9 decrease in the property's occupancy rate is the product of the  
 10 decrease in the true cash value of the property attributable to the  
 11 decreased occupancy rate multiplied by a fraction, the numerator of  
 12 which is the taxable value of the property in the immediately  
 13 preceding year and the denominator of which is the true cash value  
 14 of the property in the immediately preceding year.

15 (iv) A decrease in taxable value attributable to environmental  
 16 contamination existing on the immediately preceding tax day. The  
 17 department of environmental quality shall determine the degree to  
 18 which environmental contamination limits the use of property based  
 19 on information available in existing department of environmental  
 20 quality records or information made available to the department of  
 21 environmental quality if the appropriate assessing officer for a  
 22 local tax collecting unit requests that determination. The  
 23 department of environmental quality's determination of the degree  
 24 to which environmental contamination limits the use of property  
 25 shall be based on the criteria established for the categories set  
 26 forth in section 20120a(1) of the natural resources and  
 27 environmental protection act, 1994 PA 451, MCL 324.20120a. The  
 28 decrease in taxable value attributable to the contamination is the  
 29 decrease in true cash value attributable to the contamination



1 multiplied by a fraction, the numerator of which is the taxable  
2 value of the property had it not been contaminated and the  
3 denominator of which is the true cash value of the property had it  
4 not been contaminated.

5 (i) For taxes levied after 1994, losses do not include  
6 decreased value attributable to either of the following:

7 (i) Platting, splits, or combinations of property.

8 (ii) A change in the zoning of property.

9 (j) "New construction and improvements" means additions less  
10 losses.

11 (k) "Current year" means the year for which the millage  
12 limitation is being calculated.

13 (l) "Inflation rate" means the ratio of the general price level  
14 for the state fiscal year ending in the calendar year immediately  
15 preceding the current year divided by the general price level for  
16 the state fiscal year ending in the calendar year before the year  
17 immediately preceding the current year.

18 (2) On or before the first Monday in May of each year, the  
19 assessing officer of each township or city shall tabulate the  
20 tentative taxable value as approved by the local board of review  
21 and as modified by county equalization for each classification of  
22 property that is separately equalized for each unit of local  
23 government and provide the tabulated tentative taxable values to  
24 the county equalization director. The tabulation by the assessing  
25 officer shall contain additions and losses for each classification  
26 of property that is separately equalized for each unit of local  
27 government or part of a unit of local government in the township or  
28 city. If as a result of state equalization the taxable value of  
29 property changes, the assessing officer of each township or city



1 shall revise the calculations required by this subsection on or  
2 before the Friday following the fourth Monday in May. The county  
3 equalization director shall compute these amounts and the current  
4 and immediately preceding year's taxable values for each  
5 classification of property that is separately equalized for each  
6 unit of local government that levies taxes under this act within  
7 the boundary of the county. The county equalization director shall  
8 cooperate with equalization directors of neighboring counties, as  
9 necessary, to make the computation for units of local government  
10 located in more than 1 county. The county equalization director  
11 shall calculate the millage reduction fraction for each unit of  
12 local government in the county for the current year. The financial  
13 officer for each taxing jurisdiction shall calculate the compounded  
14 millage reduction fractions beginning in 1980 resulting from the  
15 multiplication of successive millage reduction fractions and shall  
16 recognize a local voter action to increase the compounded millage  
17 reduction fraction to a maximum of 1 as a new beginning fraction.  
18 Upon request of the superintendent of the intermediate school  
19 district, the county equalization director shall transmit the  
20 complete computations of the taxable values to the superintendent  
21 of the intermediate school district within that county. At the  
22 request of the presidents of community colleges, the county  
23 equalization director shall transmit the complete computations of  
24 the taxable values to the presidents of community colleges within  
25 the county.

26 (3) On or before the first Monday in June of each year, the  
27 county equalization director shall deliver the statement of the  
28 computations signed by the county equalization director to the  
29 county treasurer.



1 (4) On or before the second Monday in June of each year, the  
2 treasurer of each county shall certify the immediately preceding  
3 year's taxable values, the current year's taxable values, the  
4 amount of additions and losses for the current year, and the  
5 current year's millage reduction fraction for each unit of local  
6 government that levies a property tax in the county.

7 (5) The financial officer of each unit of local government  
8 shall make the computation of the tax rate using the data certified  
9 by the county treasurer and the state tax commission. At the annual  
10 session in October, or, for a county or local tax collecting unit  
11 that approves under section 44a(2) the accelerated collection in a  
12 summer property tax levy of a millage that had been previously  
13 billed and collected as in a preceding tax year as part of the  
14 winter property tax levy, before a special meeting held before the  
15 annual levy on July 1, the county board of commissioners shall not  
16 authorize the levy of a tax unless the governing body of the taxing  
17 jurisdiction has certified that the requested millage has been  
18 reduced, if necessary, in compliance with section 31 of article IX  
19 of the state constitution of 1963.

20 (6) The number of mills permitted to be levied in a tax year  
21 is limited as provided in this section pursuant to section 31 of  
22 article IX of the state constitution of 1963. A unit of local  
23 government shall not levy a tax rate greater than the rate  
24 determined by reducing its maximum rate or rates authorized by law  
25 or charter by a millage reduction fraction as provided in this  
26 section without voter approval.

27 (7) A millage reduction fraction shall be determined for each  
28 year for each local unit of government. For ad valorem property  
29 taxes that became a lien before January 1, 1983, the numerator of



1 the fraction shall be the total state equalized valuation for the  
2 immediately preceding year multiplied by the inflation rate and the  
3 denominator of the fraction shall be the total state equalized  
4 valuation for the current year minus new construction and  
5 improvements. For ad valorem property taxes that become a lien  
6 after December 31, 1982 and through December 31, 1994, the  
7 numerator of the fraction shall be the product of the difference  
8 between the total state equalized valuation for the immediately  
9 preceding year minus losses multiplied by the inflation rate and  
10 the denominator of the fraction shall be the total state equalized  
11 valuation for the current year minus additions. For ad valorem  
12 property taxes that are levied after December 31, 1994, the  
13 numerator of the fraction shall be the product of the difference  
14 between the total taxable value for the immediately preceding year  
15 minus losses multiplied by the inflation rate and the denominator  
16 of the fraction shall be the total taxable value for the current  
17 year minus additions. For each year after 1993, a millage reduction  
18 fraction shall not exceed 1.

19 (8) The compounded millage reduction fraction shall be  
20 calculated by multiplying the local unit's previous year's  
21 compounded millage reduction fraction by the current year's millage  
22 reduction fraction. The compounded millage reduction fraction for  
23 the year shall be multiplied by the maximum millage rate authorized  
24 by law or charter for the unit of local government for the year,  
25 except as provided by subsection (9). A compounded millage  
26 reduction fraction shall not exceed 1.

27 (9) The millage reduction shall be determined separately for  
28 authorized millage approved by the voters. The limitation on  
29 millage authorized by the voters on or before April 30 of a year



1 shall be calculated beginning with the millage reduction fraction  
2 for that year. Millage authorized by the voters after April 30  
3 shall not be subject to a millage reduction until the year  
4 following the voter authorization which shall be calculated  
5 beginning with the millage reduction fraction for the year  
6 following the authorization. The first millage reduction fraction  
7 used in calculating the limitation on millage approved by the  
8 voters after January 1, 1979 shall not exceed 1.

9 (10) A millage reduction fraction shall be applied separately  
10 to the aggregate maximum millage rate authorized by a charter and  
11 to each maximum millage rate authorized by state law for a specific  
12 purpose.

13 (11) A unit of local government may submit to the voters for  
14 their approval the levy in that year of a tax rate in excess of the  
15 limit set by this section. The ballot question shall ask the voters  
16 to approve the levy of a specific number of mills in excess of the  
17 limit. The provisions of this section do not allow the levy of a  
18 millage rate in excess of the maximum rate authorized by law or  
19 charter. If the authorization to levy millage expires after 1993  
20 and a local governmental unit is asking voters to renew the  
21 authorization to levy the millage, the ballot question shall ask  
22 for renewed authorization for the number of expiring mills as  
23 reduced by the millage reduction required by this section. If the  
24 election occurs before June 1 of a year, the millage reduction is  
25 based on the immediately preceding year's millage reduction  
26 applicable to that millage. If the election occurs after May 31 of  
27 a year, the millage reduction shall be based on that year's millage  
28 reduction applicable to that millage had it not expired.

29 (12) A reduction or limitation under this section shall not be



1 applied to taxes imposed for the payment of principal and interest  
2 on bonds or other evidence of indebtedness or for the payment of  
3 assessments or contract obligations in anticipation of which bonds  
4 are issued that were authorized before December 23, 1978, as  
5 provided by section 4 of chapter I of former 1943 PA 202, or to  
6 taxes imposed for the payment of principal and interest on bonds or  
7 other evidence of indebtedness or for the payment of assessments or  
8 contract obligations in anticipation of which bonds are issued that  
9 are approved by the voters after December 22, 1978.

10 (13) If it is determined subsequent to the levy of a tax that  
11 an incorrect millage reduction fraction has been applied, the  
12 amount of additional tax revenue or the shortage of tax revenue  
13 shall be deducted from or added to the next regular tax levy for  
14 that unit of local government after the determination of the  
15 authorized rate pursuant to this section.

16 (14) If as a result of an appeal of county equalization or  
17 state equalization the taxable value of a unit of local government  
18 changes, the millage reduction fraction for the year shall be  
19 recalculated. The financial officer shall effectuate an addition or  
20 reduction of tax revenue in the same manner as prescribed in  
21 subsection (13).

22 (15) The fractions calculated pursuant to this section shall  
23 be rounded to 4 decimal places, except that the inflation rate  
24 shall be computed by the state tax commission and shall be rounded  
25 to 3 decimal places. The state tax commission shall publish the  
26 inflation rate before March 1 of each year.

27 (16) Beginning with taxes levied in 1994, the millage  
28 reduction required by section 31 of article IX of the state  
29 constitution of 1963 shall permanently reduce the maximum rate or



1 rates authorized by law or charter. The reduced maximum authorized  
2 rate or rates for 1994 shall equal the product of the maximum rate  
3 or rates authorized by law or charter before application of this  
4 section multiplied by the compounded millage reduction applicable  
5 to that millage in 1994 pursuant to subsections (8) to (12). The  
6 reduced maximum authorized rate or rates for 1995 and each year  
7 after 1995 shall equal the product of the immediately preceding  
8 year's reduced maximum authorized rate or rates multiplied by the  
9 current year's millage reduction fraction and shall be adjusted for  
10 millage for which authorization has expired and new authorized  
11 millage approved by the voters pursuant to subsections (8) to (12).

