

**SUBSTITUTE FOR
HOUSE BILL NO. 4378**

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 2019 PA 116 and section 34d as amended by 2019 PA
117.

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

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

- (a) Outside painting.
- (b) Repairing or replacing siding, roof, porches, steps, sidewalks, or drives.
- (c) Repainting, repairing, or replacing existing masonry.
- (d) Replacing awnings.
- (e) Adding or replacing gutters and downspouts.
- (f) Replacing storm windows or doors.
- (g) Insulating or weatherstripping.
- (h) Complete rewiring.
- (i) Replacing plumbing and light fixtures.
- (j) Replacing a furnace with a new furnace of the same type or replacing an oil or gas burner.
- (k) Repairing plaster, inside painting, or other redecorating.
- (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 **(q) Installing, replacing, or repairing a whole-home**
14 **generator.**

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

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

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

1 (c) Amounts paid for surveying the property pursuant to the
2 last conveyance of the property. The legislature may require local
3 units of government, including school districts, to submit reports
4 of revenue lost under subdivisions (a) and (b) and this subdivision
5 so that the state may reimburse those units for that lost revenue.

6 (d) The purchaser of real property, including a purchaser by
7 land contract, may file with the assessor of the city or township
8 in which the property is located 2 copies of the purchase agreement
9 or of an affidavit that identifies the amount, if any, for each
10 item listed in subdivisions (a) to (c). ~~One copy shall be forwarded~~
11 ~~by the~~ **The assessor shall forward 1 copy** to the county equalization
12 department. The affidavit ~~shall~~ **must** be as prescribed by the state
13 tax commission.

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

28 (5) As used in subsection (1), "present economic income" means
29 for leased or rented property the ordinary, general, and usual

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

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

29 (7) The purchase price paid in a transfer of eligible

1 nonprofit housing property from a charitable nonprofit housing
2 organization to a low-income person that occurs after December 31,
3 2010 is the presumptive true cash value of the eligible nonprofit
4 housing property transferred. In the year immediately succeeding
5 the year in which the transfer of eligible nonprofit housing
6 property occurs and each year thereafter, the taxable value of the
7 eligible nonprofit housing property ~~shall~~**must** be adjusted as
8 provided under section 27a. As used in this subsection:

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

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

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

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

26 (8) For purposes of a statement submitted under section 19,
27 the true cash value of a standard tool is the net book value of
28 that standard tool as of December 31 in each tax year as determined
29 using generally accepted accounting principles in a manner

1 consistent with the established depreciation method used by the
2 person submitting that statement. The net book value of a standard
3 tool for federal income tax purposes is not the presumptive true
4 cash value of that standard tool. As used in this subsection,
5 "standard tool" means that term as defined in section 9b.

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

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

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

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

1 real property would have had if the property had not been omitted.

2 (ii) Omitted personal property. As used in this subparagraph,
3 "omitted personal property" means previously existing tangible
4 personal property not included in the assessment. Omitted personal
5 property ~~shall~~**must** be added to the tax roll pursuant to section
6 154.

7 (iii) New construction. As used in this subparagraph, "new
8 construction" means property not in existence on the immediately
9 preceding tax day and not replacement construction. New
10 construction includes the physical addition of equipment or
11 furnishings, subject to the provisions set forth in section
12 27(2) (a) to ~~(p)~~**(q)**. For purposes of determining the taxable value
13 of property under section 27a, the value of new construction is the
14 true cash value of the new construction multiplied by 0.50.

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

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

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

1 (C) The value of property previously exempt under any other
2 section of law is the true cash value of the previously exempt
3 property multiplied by 0.50.

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

1 provided in section 27a(2). Any construction materials required to
2 bring the property into compliance with any applicable health,
3 sanitary, zoning, safety, fire, or construction codes or ordinances
4 ~~shall~~**must** be considered to be substantially the same materials by
5 the state tax commission for the sake of replacement construction
6 under this section.

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

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

1 calendar year when those public services are initially available.

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

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

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

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

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

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

14 (f) "General price level" means the annual average of the 12
15 monthly values for the United States Consumer Price Index for all
16 urban consumers as defined and officially reported by the United
17 States Department of Labor, Bureau of Labor Statistics.

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

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

25 (i) Property that has been destroyed or removed. For purposes
26 of determining the taxable value of property under section 27a, the
27 value of property destroyed or removed is the product of the true
28 cash value of that property multiplied by a fraction, the numerator
29 of which is the taxable value of that property in the immediately

preceding year and the denominator of which is the true cash value of that property in the immediately preceding year.

(ii) Property that was subject to ad valorem taxation under this act in the immediately preceding year that is now exempt from ad valorem taxation under this act. For purposes of determining the taxable value of property under section 27a, the value of property exempted from ad valorem taxation under this act is the amount exempted.

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

(iv) A decrease in taxable value attributable to environmental contamination existing on the immediately preceding tax day. The department of ~~environmental quality~~ **environment, Great Lakes, and energy** shall determine the degree to which environmental contamination limits the use of property based on information available in existing department of ~~environmental quality~~ **environment, Great Lakes, and energy** records or information made available to the department of ~~environmental quality~~ **environment, Great Lakes, and energy** if the appropriate assessing officer for a local tax collecting unit requests that determination. The department of ~~environmental quality's~~ **environment, Great Lakes, and**

energy's determination of the degree to which environmental contamination limits the use of property ~~shall~~**must** be based on the criteria established for the categories set forth in section 20120a(1) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20120a. The decrease in taxable value attributable to the contamination is the decrease in true cash value attributable to the contamination multiplied by a fraction, the numerator of which is the taxable value of the property had it not been contaminated and the denominator of which is the true cash value of the property had it not been contaminated.

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

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

(ii) A change in the zoning of property.

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

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

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

(2) On or before the first Monday in May of each year, the assessing officer of each township or city shall tabulate the tentative taxable value as approved by the local board of review and as modified by county equalization for each classification of property that is separately equalized for each unit of local government and provide the tabulated tentative taxable values to

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

1 computations of the taxable values to the presidents of community
2 colleges within the county.

3 (3) On or before the first Monday in June of each year, the
4 county equalization director shall deliver the statement of the
5 computations signed by the county equalization director to the
6 county treasurer.

7 (4) On or before the second Monday in June of each year, the
8 treasurer of each county shall certify the immediately preceding
9 year's taxable values, the current year's taxable values, the
10 amount of additions and losses for the current year, and the
11 current year's millage reduction fraction for each unit of local
12 government that levies a property tax in the county.

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

26 (6) The number of mills permitted to be levied in a tax year
27 is limited as provided in this section pursuant to section 31 of
28 article IX of the state constitution of 1963. A unit of local
29 government shall not levy a tax rate greater than the rate

1 determined by reducing its maximum rate or rates authorized by law
2 or charter by a millage reduction fraction as provided in this
3 section without voter approval.

4 (7) A millage reduction fraction ~~shall~~**must** be determined for
5 each year for each local unit of government. For ad valorem
6 property taxes that became a lien before January 1, 1983, the
7 numerator of the fraction ~~shall be~~**is** the total state equalized
8 valuation for the immediately preceding year multiplied by the
9 inflation rate and the denominator of the fraction ~~shall be~~**is** the
10 total state equalized valuation for the current year minus new
11 construction and improvements. For ad valorem property taxes that
12 become a lien after December 31, 1982 and through December 31,
13 1994, the numerator of the fraction ~~shall be~~**is** the product of the
14 difference between the total state equalized valuation for the
15 immediately preceding year minus losses multiplied by the inflation
16 rate and the denominator of the fraction ~~shall be~~**is** the total
17 state equalized valuation for the current year minus additions. For
18 ad valorem property taxes that are levied after December 31, 1994,
19 the numerator of the fraction ~~shall be~~**is** the product of the
20 difference between the total taxable value for the immediately
21 preceding year minus losses multiplied by the inflation rate and
22 the denominator of the fraction ~~shall be~~**is** the total taxable value
23 for the current year minus additions. For each year after 1993, a
24 millage reduction fraction ~~shall~~**must** not exceed 1.

25 (8) The compounded millage reduction fraction ~~shall~~**must** be
26 calculated by multiplying the local unit's previous year's
27 compounded millage reduction fraction by the current year's millage
28 reduction fraction. The compounded millage reduction fraction for
29 the year ~~shall~~**must** be multiplied by the maximum millage rate

1 authorized by law or charter for the unit of local government for
 2 the year, except as provided by subsection (9). A compounded
 3 millage reduction fraction ~~shall~~**must** not exceed 1.

4 (9) The millage reduction ~~shall~~**must** be determined separately
 5 for authorized millage approved by the voters. The limitation on
 6 millage authorized by the voters on or before April 30 of a year
 7 ~~shall~~**must** be calculated beginning with the millage reduction
 8 fraction for that year. Millage authorized by the voters after
 9 April 30 ~~shall~~**is** not ~~be~~ subject to a millage reduction until the
 10 year following the voter authorization which ~~shall~~**must** be
 11 calculated beginning with the millage reduction fraction for the
 12 year following the authorization. The first millage reduction
 13 fraction used in calculating the limitation on millage approved by
 14 the voters after January 1, 1979 ~~shall~~**must** not exceed 1.

15 (10) A millage reduction fraction ~~shall~~**must** be applied
 16 separately to the aggregate maximum millage rate authorized by a
 17 charter and to each maximum millage rate authorized by state law
 18 for a specific purpose.

19 (11) A unit of local government may submit to the voters for
 20 their approval the levy in that year of a tax rate in excess of the
 21 limit set by this section. The ballot question ~~shall~~**must** ask the
 22 voters to approve the levy of a specific number of mills in excess
 23 of the limit. The provisions of this section do not allow the levy
 24 of a millage rate in excess of the maximum rate authorized by law
 25 or charter. If the authorization to levy millage expires after 1993
 26 and a local governmental unit is asking voters to renew the
 27 authorization to levy the millage, the ballot question ~~shall~~**must**
 28 ask for renewed authorization for the number of expiring mills as
 29 reduced by the millage reduction required by this section. If the

1 election occurs before June 1 of a year, the millage reduction is
2 based on the immediately preceding year's millage reduction
3 applicable to that millage. If the election occurs after May 31 of
4 a year, the millage reduction ~~shall~~**must** be based on that year's
5 millage reduction applicable to that millage had it not expired.

6 (12) A reduction or limitation under this section ~~shall~~**must**
7 not be applied to taxes imposed for the payment of principal and
8 interest on bonds or other evidence of indebtedness or for the
9 payment of assessments or contract obligations in anticipation of
10 which bonds are issued that were authorized before December 23,
11 1978, as provided by section 4 of chapter I of former 1943 PA 202,
12 or to taxes imposed for the payment of principal and interest on
13 bonds or other evidence of indebtedness or for the payment of
14 assessments or contract obligations in anticipation of which bonds
15 are issued that are approved by the voters after December 22, 1978.

16 (13) If it is determined ~~subsequent to~~**after** the levy of a tax
17 that an incorrect millage reduction fraction has been applied, the
18 amount of additional tax revenue or the shortage of tax revenue
19 ~~shall~~**must** be deducted from or added to the next regular tax levy
20 for that unit of local government after the determination of the
21 authorized rate pursuant to this section.

22 (14) If as a result of an appeal of county equalization or
23 state equalization the taxable value of a unit of local government
24 changes, the millage reduction fraction for the year ~~shall~~**must** be
25 recalculated. The financial officer shall effectuate an addition or
26 reduction of tax revenue in the same manner as prescribed in
27 subsection (13).

28 (15) The fractions calculated pursuant to this section ~~shall~~
29 **must** be rounded to 4 decimal places, except that the inflation rate

1 ~~shall~~**must** be computed by the state tax commission and ~~shall~~**must**
2 be rounded to 3 decimal places. The state tax commission shall
3 publish the inflation rate before March 1 of each year.

4 (16) Beginning with taxes levied in 1994, the millage
5 reduction required by section 31 of article IX of the state
6 constitution of 1963 ~~shall~~ permanently ~~reduce~~**reduces** the maximum
7 rate or rates authorized by law or charter. The reduced maximum
8 authorized rate or rates for 1994 ~~shall~~**must** equal the product of
9 the maximum rate or rates authorized by law or charter before
10 application of this section multiplied by the compounded millage
11 reduction applicable to that millage in 1994 pursuant to
12 subsections (8) to (12). The reduced maximum authorized rate or
13 rates for 1995 and each year after 1995 ~~shall~~**must** equal the
14 product of the immediately preceding year's reduced maximum
15 authorized rate or rates multiplied by the current year's millage
16 reduction fraction and ~~shall~~**must** be adjusted for millage for which
17 authorization has expired and new authorized millage approved by
18 the voters pursuant to subsections (8) to (12).

19 Enacting section 1. This amendatory act does not take effect
20 unless Senate Bill No. ____ or House Bill No. 4379 (request no.
21 01310'21 a) of the 101st Legislature is enacted into law.