

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4378**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 14a, 27, and 34d (MCL 211.14a, 211.27, and  
211.34d), section 14a as amended by 2021 PA 164, section 27 as  
amended by 2022 PA 156, and section 34d as amended by 2019 PA 117.

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

1       Sec. 14a. Notwithstanding any provision of this act to the  
2       contrary, including any provision to the contrary in section 13(1)  
3       or 14(1), for the 2021, ~~and 2022~~, **and 2023** tax years only, personal  
4       property, including exempt personal property, that is located on  
5       tax day in an alternate location due to the COVID-19 pandemic must  
6       not be assessed in that alternate location but instead must be  
7       assessed in its ordinary location. As used in this section:



1 (a) "Alternate location" means the geographic area of a local  
2 tax collecting unit in this state that is not the ordinary location  
3 of an item of personal property but is the location to which the  
4 property was moved due to the COVID-19 pandemic.

5 (b) "Exempt personal property" means personal property exempt  
6 from the collection of taxes under this act, including personal  
7 property exempt under sections 7 to 7xx and sections 9 to ~~9e~~9p.

8 (c) "Ordinary location" means the geographic area of a local  
9 tax collecting unit in this state where an item of personal  
10 property would have been located for its primary use but for the  
11 need to move it to an alternate location due to the COVID-19  
12 pandemic. For purposes of this subdivision, evidence of the  
13 ordinary location of personal property includes, but is not limited  
14 to, either or both of the following:

15 (i) A business location of the owner or other person  
16 beneficially entitled to the property or in possession of it, as  
17 described in section 13(1), where the property usually is deployed  
18 under conditions unaffected by the COVID-19 pandemic.

19 (ii) If the property was located in the geographic area of a  
20 local tax collecting unit in this state on December 31, 2019, that  
21 location.

22 (d) "Tax day" means that term as described in section 2(2).

23 Sec. 27. (1) As used in this act, "true cash value" means the  
24 usual selling price at the place where the property to which the  
25 term is applied is at the time of assessment, being the price that  
26 could be obtained for the property at private sale, and not at  
27 auction sale except as otherwise provided in this section, or at  
28 forced sale. The usual selling price may include sales at public  
29 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 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). The assessor shall forward  
11 1 copy to the county equalization department. The affidavit must be  
12 as prescribed by the state tax commission.

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

27 (5) As used in subsection (1), "present economic income" means  
28 for leased or rented property the ordinary, general, and usual  
29 economic return realized from the lease or rental of property



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

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

28 (7) For a transfer of eligible nonprofit housing property from  
29 a charitable nonprofit housing organization to a low-income person



1 that occurs after December 31, 2010 through December 30, 2021, the  
2 purchase price paid is the presumptive true cash value of the  
3 eligible nonprofit housing property transferred. For a transfer of  
4 eligible nonprofit housing property from a charitable nonprofit  
5 housing organization to a low-income person that occurs on or after  
6 December 31, 2021, the loan amount stated in the closing disclosure  
7 form for the transfer is the presumptive true cash value of the  
8 eligible nonprofit housing property transferred. In the year  
9 immediately succeeding the year in which the transfer of eligible  
10 nonprofit housing property occurs and each year thereafter, the  
11 taxable value of the eligible nonprofit housing property must be  
12 adjusted as provided under section 27a. As used in this subsection:

13 (a) "Charitable nonprofit housing organization" means a  
14 charitable nonprofit organization the primary purpose of which is  
15 the construction or renovation of residential housing for  
16 conveyance to a low-income person.

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

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

25 (d) "Low-income person" means a person with a family income of  
26 not more than 80% of the statewide median gross income who is  
27 eligible to participate in the charitable nonprofit housing  
28 organization's program based on criteria established by the  
29 charitable nonprofit housing organization.





(8) For purposes of a statement submitted under section 19, the true cash value of a standard tool is the net book value of that standard tool as of December 31 in each tax year as determined using generally accepted accounting principles in a manner consistent with the established depreciation method used by the person submitting that statement. The net book value of a standard tool for federal income tax purposes is not the presumptive true cash value of that standard tool. As used in this subsection, "standard tool" means that term as defined in section 9b.

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

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

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

(i) Omitted real property. As used in this subparagraph, "omitted real property" means previously existing tangible real property not included in the assessment. Omitted real property ~~shall~~**does** not increase taxable value as an addition unless the assessing jurisdiction has a property record card or other documentation showing that the omitted real property was not previously included in the assessment. The assessing jurisdiction has the burden of proof in establishing whether the omitted real property is included in the assessment. Omitted real property for the current and the 2 immediately preceding years, discovered after the assessment roll has been completed, ~~shall~~**must** be added to the



1 tax roll pursuant to the procedures established in section 154. For  
2 purposes of determining the taxable value of real property under  
3 section 27a, the value of omitted real property is based on the  
4 value and the ratio of taxable value to true cash value the omitted  
5 real property would have had if the property had not been omitted.

6 (ii) Omitted personal property. As used in this subparagraph,  
7 "omitted personal property" means previously existing tangible  
8 personal property not included in the assessment. Omitted personal  
9 property ~~shall~~**must** be added to the tax roll pursuant to section  
10 154.

11 (iii) New construction. As used in this subparagraph, "new  
12 construction" means property not in existence on the immediately  
13 preceding tax day and not replacement construction. New  
14 construction includes the physical addition of equipment or  
15 furnishings, subject to the provisions set forth in section  
16 27(2) (a) to ~~(p)~~**(q)**. For purposes of determining the taxable value  
17 of property under section 27a, the value of new construction is the  
18 true cash value of the new construction multiplied by 0.50.

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

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



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

5 (C) The value of property previously exempt under any other  
6 section of law is the true cash value of the previously exempt  
7 property multiplied by 0.50.

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



1 years after the accident or act of God occurred, the replacement  
 2 construction's taxable value ~~shall be~~ **is** equal to the taxable value  
 3 of the property in the year immediately preceding the year in which  
 4 the property was damaged or destroyed, adjusted annually as  
 5 provided in section 27a(2). Any construction materials required to  
 6 bring the property into compliance with any applicable health,  
 7 sanitary, zoning, safety, fire, or construction codes or ordinances  
 8 ~~shall~~ **must** be considered to be substantially the same materials by  
 9 the state tax commission for the sake of replacement construction  
 10 under this section.

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

26 (vii) Public services. As used in this subparagraph, "public  
 27 services" means water service, sewer service, a primary access  
 28 road, natural gas service, electrical service, telephone service,  
 29 sidewalks, or street lighting. For purposes of determining the



1 taxable value of real property under section 27a, the value of  
2 public services is the amount of increase in true cash value of the  
3 property attributable to the available public services multiplied  
4 by 0.50, and ~~shall~~**must** be added in the calendar year following the  
5 calendar year when those public services are initially available.

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

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

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

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

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

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

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

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

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

29 (i) Property that has been destroyed or removed. For purposes



1 of determining the taxable value of property under section 27a, the  
 2 value of property destroyed or removed is the product of the true  
 3 cash value of that property multiplied by a fraction, the numerator  
 4 of which is the taxable value of that property in the immediately  
 5 preceding year and the denominator of which is the true cash value  
 6 of that property in the immediately preceding year.

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

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

23 (iv) A decrease in taxable value attributable to environmental  
 24 contamination existing on the immediately preceding tax day. The  
 25 department of ~~environmental quality~~ **environment, Great Lakes, and**  
 26 **energy** shall determine the degree to which environmental  
 27 contamination limits the use of property based on information  
 28 available in existing department of ~~environmental quality~~  
 29 **environment, Great Lakes, and energy** records or information made



1 available to the department of ~~environmental quality~~ **environment,**  
 2 **Great Lakes, and energy** if the appropriate assessing officer for a  
 3 local tax collecting unit requests that determination. The  
 4 department of ~~environmental quality's~~ **environment, Great Lakes, and**  
 5 **energy's** determination of the degree to which environmental  
 6 contamination limits the use of property ~~shall~~ **must** be based on the  
 7 criteria established for the categories set forth in section  
 8 20120a(1) of the natural resources and environmental protection  
 9 act, 1994 PA 451, MCL 324.20120a. The decrease in taxable value  
 10 attributable to the contamination is the decrease in true cash  
 11 value attributable to the contamination multiplied by a fraction,  
 12 the numerator of which is the taxable value of the property had it  
 13 not been contaminated and the denominator of which is the true cash  
 14 value of the property had it not been contaminated.

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

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

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

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

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

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

28 (2) On or before the first Monday in May of each year, the  
 29 assessing officer of each township or city shall tabulate the



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





1 the complete computations of the taxable values to the  
2 superintendent of the intermediate school district within that  
3 county. At the request of the presidents of community colleges, the  
4 county equalization director shall transmit the complete  
5 computations of the taxable values to the presidents of community  
6 colleges within the county.

7 (3) On or before the first Monday in June of each year, the  
8 county equalization director shall deliver the statement of the  
9 computations signed by the county equalization director to the  
10 county treasurer.

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

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



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

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

29 (8) The compounded millage reduction fraction ~~shall~~**must** be



1 calculated by multiplying the local unit's previous year's  
 2 compounded millage reduction fraction by the current year's millage  
 3 reduction fraction. The compounded millage reduction fraction for  
 4 the year ~~shall~~**must** be multiplied by the maximum millage rate  
 5 authorized by law or charter for the unit of local government for  
 6 the year, except as provided by subsection (9). A compounded  
 7 millage reduction fraction ~~shall~~**must** not exceed 1.

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

19 (10) A millage reduction fraction ~~shall~~**must** be applied  
 20 separately to the aggregate maximum millage rate authorized by a  
 21 charter and to each maximum millage rate authorized by state law  
 22 for a specific purpose.

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



1 and a local governmental unit is asking voters to renew the  
 2 authorization to levy the millage, the ballot question ~~shall~~**must**  
 3 ask for renewed authorization for the number of expiring mills as  
 4 reduced by the millage reduction required by this section. If the  
 5 election occurs before June 1 of a year, the millage reduction is  
 6 based on the immediately preceding year's millage reduction  
 7 applicable to that millage. If the election occurs after May 31 of  
 8 a year, the millage reduction ~~shall~~**must** be based on that year's  
 9 millage reduction applicable to that millage had it not expired.

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

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

26 (14) If as a result of an appeal of county equalization or  
 27 state equalization the taxable value of a unit of local government  
 28 changes, the millage reduction fraction for the year ~~shall~~**must** be  
 29 recalculated. The financial officer shall effectuate an addition or



1 reduction of tax revenue in the same manner as prescribed in  
2 subsection (13).

3 (15) The fractions calculated pursuant to this section ~~shall~~  
4 **must** be rounded to 4 decimal places, except that the inflation rate  
5 ~~shall~~**must** be computed by the state tax commission and ~~shall~~**must**  
6 be rounded to 3 decimal places. The state tax commission shall  
7 publish the inflation rate before March 1 of each year.

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

23 Enacting section 1. This amendatory act does not take effect  
24 unless House Bill No. 4379 of the 101st Legislature is enacted into  
25 law.

