

HOUSE BILL No. 5534

February 22, 1990, Introduced by Reps. Dunaskiss, Honigman, Middaugh, Alley, Kulchitsky, Allen, Weeks, Jaye, Walberg, O'Connor, Bryant, Strand, London, Hoekman, Bandstra and Muxlow and referred to the Committee on Taxation.

A bill to amend section 27 of Act No. 206 of the Public Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No. 283 of the Public Acts of 1989, being section 211.27 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 27 of Act No. 206 of the Public Acts of
2 1893, as amended by Act No. 283 of the Public Acts of 1989, being
3 section 211.27 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 27. (1) As used in this act, "cash value" means the
6 usual selling price at the place where the property to which the
7 term is applied is at the time of assessment, being the price
8 that could be obtained for the property at private sale, and not
9 at auction sale except as otherwise provided in this section, or

1 at forced sale. The usual selling price may include sales at
2 public auction held by a nongovernmental agency or person when
3 those sales have become a common method of acquisition in the
4 jurisdiction for the class of property being valued. The usual
5 selling price does not include sales at public auction where the
6 sale is part of a liquidation of the seller's assets in a bank-
7 ruptcy proceeding or where the seller is unable to use common
8 marketing techniques to obtain the usual selling price for the
9 property. A sale or other disposition by the state or an agency
10 or political subdivision of the state of land acquired for delin-
11 quent taxes or an appraisal made in connection with the sale or
12 other disposition or the value attributed to the property of reg-
13 ulated public utilities by a governmental regulatory agency for
14 rate-making purposes shall not be considered controlling evidence
15 of true cash value for assessment purposes. In determining the
16 value, the assessor shall also consider the advantages and disad-
17 vantages of location; quality of soil; zoning; existing use;
18 present economic income of structures, including farm structures;
19 present economic income of land if the land is being farmed or
20 otherwise put to income producing use; quantity and value of
21 standing timber; water power and privileges; and mines, minerals,
22 quarries, or other valuable deposits known to be available in the
23 land and their value.

24 (2) The assessor, beginning December 31, 1976, shall not
25 consider the increase in true cash value that is a result of
26 expenditures for normal repairs, replacement, and maintenance
27 made or completed after December 30, 1976 in determining the true

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

- 17 (a) Outside painting.
- 18 (b) Repairing or replacing siding, roof, porches, steps,
19 sidewalks, and drives.
- 20 (c) Repainting, repairing, or replacing existing masonry.
- 21 (d) Replacement of awnings.
- 22 (e) Adding or replacing gutters and downspouts.
- 23 (f) Replacing storm windows or doors.
- 24 (g) Insulation or weatherstripping.
- 25 (h) Complete rewiring.
- 26 (i) Replacing plumbing and light fixtures.

1 (j) New furnace replacing a furnace of the same type or
2 replacing oil or gas burner.

3 (k) Plaster repairs, inside painting, or other
4 redecorating.

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

6 (m) Removing partitions to enlarge rooms.

7 (n) Replacing automatic hot water heater.

8 (o) Replacing dated interior woodwork.

9 (3) Beginning December 31, 1978, a city or township asses-
10 sor, a county equalization department, or the state tax commis-
11 sion before utilizing real estate sales data on real property
12 purchases, including purchases by land contract, for the purpose
13 of determining assessments or in making sales ratio studies for
14 the purpose of assessing or equalizing assessments shall exclude
15 from the sales data the following amounts allowed by subdivisions
16 (a), (b), and (c) to the extent that the amounts are included in
17 the real property purchase price and are so identified in the
18 real estate sales data or certified to the assessor as provided
19 in subdivision (d):

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

22 (b) Amounts attributable to personal property which were
23 included in the purchase price of the property in the last con-
24 veyance of the property.

25 (c) Amounts paid for surveying the property pursuant to the
26 last conveyance of the property. The legislature may require
27 local units of government, including school districts, to submit

1 reports of revenue lost under subdivisions (a) and (b) and this
2 subdivision so that the state may reimburse those units for that
3 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 agree-
7 ment or of an affidavit which shall identify the amount, if any,
8 for each item listed in subdivisions (a) to (c). One copy shall
9 be forwarded by the assessor to the county equalization
10 department. The affidavit shall be prescribed by the state tax
11 commission.

12 (4) As used in subsection (1), "present economic income"
13 means in the case of leased or rented property the ordinary, gen-
14 eral, and usual economic return realized from the lease or rental
15 of property negotiated under current, contemporary conditions
16 between parties equally knowledgeable and familiar with real
17 estate values. The actual income generated by the lease or
18 rental of property shall not be the controlling indicator of its
19 cash value in all cases. This subsection shall not apply to
20 property when subject to a lease entered into prior to
21 January 1, 1984 for which the terms of the lease governing the
22 rental rate or tax liability have not been renegotiated after
23 December 31, 1983. This subsection shall not apply to a non-
24 profit housing cooperative when subject to regulatory agreements
25 between the state or federal government entered into prior to
26 January 1, 1984. As used in this subsection, "nonprofit
27 cooperative housing corporation" means a nonprofit cooperative

1 housing corporation which is engaged in providing housing
2 services to its stockholders and members and which does not pay
3 dividends or interest upon stock or membership investment but
4 which does distribute all earnings to its stockholders or
5 members.

6 (5) BEGINNING DECEMBER 31, 1990, THE ASSESSOR SHALL NOT CON-
7 sider the value of trees located on property in the determination
8 of true cash value of that property.