HOUSE BILL No. 5964

September 11, 1990, Introduced by Reps. Sparks, Jaye, Willis Bullard, Dolan, Randall, Hoekman, Walberg, Strand, Krause, London, Dunaskiss, Kulchitsky and Van Regenmorter and referred to the Committee on Taxation.

A bill to amend section 34d of Act No. 206 of the Public

Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No. 539 of the Public Acts of 1982, being

section 211.34d of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1   Section 1. Section 34d of Act No. 206 of the Public Acts of

2 1893, as amended by Act No. 539 of the Public Acts of 1982, being

3 section 211.34d of the Michigan Compiled Laws, is amended to read

4 as follows:

5   Sec. 34d. (1) As used in this section or section 31 of

6 article —9— IX of the state constitution of 1963, or both:

7   (a) "Additions" means all increases in value caused by new

8 construction, a physical addition of equipment or furnishings,

9 and the value of property —which— THAT was exempt from taxes or

05545'90 **   KKR

1 not included on the assessment unit's previous year's assessment
2 roll.

3   (b) "Financial officer" means the officer responsible for
4 preparing the budget of a unit of local government.

5   (c) "General price level" means the annual average of the
6 United States consumer price index for all urban consumers as
7 defined and officially reported by the United States department
8 of labor, bureau of labor statistics.

9   (d) "Losses" means a decrease in value caused by the removal
10 or destruction of real or personal property and the value of
11 property taxed in the prior year ~~which~~ THAT has been exempted
12 or removed from the assessment unit's assessment roll.

13   (e) "New construction and improvements" means additions less
14 losses.

15   (f) "Current year" means the year for which the millage lim-
16 itation is being calculated.

17   (g) "Inflation rate" means the ratio of the general price
18 level for the calendar year preceding the current year divided by
19 the general price level for the calendar year before the year
20 preceding the current year.

21   (2) On or before the first Monday in May of each year the
22 assessing officer of each township or city shall tabulate the
23 assessed valuation as approved by the local board of review for
24 each classification of property ~~which~~ THAT is separately equal-
25 ized for each unit of local government and provide the tabulated
26 assessed valuations to the county equalization director. The
27 tabulation by the assessing officer shall contain additions and

1 losses for each classification of property ~~which~~ THAT is

2 separately equalized for each unit of local government or part of

3 a unit of local government in the township or city. The county

4 equalization director shall compute these amounts and the current

5 and prior year's state equalized valuation for each classifica-

6 tion of property ~~which~~ THAT is separately equalized for each

7 unit of local government that levies taxes under this act within

8 the boundary of the county and shall cooperate with equalization

9 directors of neighboring counties, as necessary, to make the com-

10 putation for units of local government located in more than 1

11 county. The county equalization director shall calculate the

12 millage reduction fraction for each unit of local government in

13 the county for the current year. The financial officer for each

14 taxing jurisdiction shall calculate the compounded millage reduc-

15 tion fractions beginning in 1980 resulting from the multiplica-

16 tion of successive millage reduction fractions and shall recog-

17 nize a local voter action ~~which~~ THAT may increase the com-

18 pounded millage reduction fraction to a maximum of 1 as a new

19 beginning fraction. Upon request of the superintendent of the

20 intermediate school district, the county equalization director

21 shall transmit the complete computations of the assessed valua-

22 tions to the superintendent of the intermediate school district

23 within that county. At the request of the presidents of commu-

24 nity colleges, the county equalization director shall transmit

25 the complete computations of the assessed valuation to the presi-

26 dents of community colleges within the county.

1   (3) On or before the first Monday in June of each year,

2 beginning in 1979, the county equalization director shall deliver

3 the statement of the computations signed by the county equaliza-

4 tion director to the county treasurer.

5   (4) On or before the second Monday in June of each year,

6 beginning in 1979, the treasurer of each county shall certify the

7 prior year's state equalized valuation, the current year's state

8 equalized valuation, the amount of additions and losses for the

9 current year, and the current year's millage reduction fraction

10 for each unit of local government ~~which~~ THAT levies a property

11 tax in the county.

12   (5) The financial officer of each unit of local government

13 shall make the computation of the tax rate using the data certi-

14 fied by the county treasurer and the state tax commission. At

15 the annual session in October, the county board of commissioners

16 shall not authorize the levy of a tax unless the governing body

17 of the taxing jurisdiction has certified that the requested mill-

18 age has been reduced, if necessary, in compliance with section 31

19 of article ~~9~~ IX of the state constitution of 1963.

20   (6) The number of mills permitted to be levied in a tax year

21 beginning after December 31, 1978, is limited as provided in this

22 section pursuant to section 31 of article ~~9~~ IX of the state

23 constitution of 1963. A unit of local government shall not levy

24 a tax rate greater than the rate determined by reducing its maxi-

25 mum rate or rates authorized by law or charter by a millage

26 reduction fraction as provided in this section without voter

27 approval.

05545'90 **

1   (7) Beginning in 1979, a millage reduction fraction shall be

2 determined for each year for each local unit of government. For

3 ad valorem property taxes that became a lien before January 1,

4 1983, the numerator of the fraction shall be the total state

5 equalized valuation for the preceding year multiplied by the

6 inflation rate and the denominator of the fraction shall be the

7 total state equalized valuation for the current year minus new

8 construction and improvements. For ad valorem property taxes

9 that become a lien after December 31, 1982, the numerator of the

10 fraction shall be the product of the difference between the total

11 state equalized valuation for the preceding year minus losses

12 multiplied by the inflation rate and the denominator of the frac-

13 tion shall be the total state equalized valuation for the current

14 year minus additions. The millage reduction fraction for 1979

15 shall not exceed 1. For 1979 tax levies, the millage reduction

16 fraction shall be multiplied by the maximum millage rate autho-

17 rized by law or charter for the unit of local government for

18 1979, except as provided by subsection (9).

19   (8) The millage reduction fraction for the 1979 tax year

20 shall be the first fraction in the series of annual reduction

21 fractions -which- THAT shall be multiplied together to produce

22 the compounded millage reduction fraction for the year. The com-

23 pounded millage reduction fraction for 1980 shall be calculated

24 by multiplying the 1979 millage reduction fraction by the 1980

25 millage reduction fraction. The compounded millage reduction

26 fraction for 1981 and each year thereafter shall be calculated by

27 multiplying the local unit's previous year's compounded millage

1 reduction fraction by the current year's millage reduction

2 fraction. Beginning with 1980 tax levies, the compounded millage

3 reduction fraction for the year shall be multiplied by the maxi-

4 mum millage rate authorized by law or charter for the unit of

5 local government for the year, except as provided by subsection

6 (9). A compounded millage reduction fraction shall not exceed

7 1.

8 (9) The millage reduction shall be determined separately for

9 authorized millage approved by the voters after January 1, 1979.

10 Beginning in 1980, the limitation on millage authorized by the

11 voters on or before May 31 of a year shall be calculated begin-

12 ning with the millage reduction fraction for that year. Millage

13 authorized by the voters in 1979 or after May 31 of a subsequent

14 year shall not be subject to a millage reduction until the year

15 following the voter authorization ~~which~~ THAT shall be calcu-

16 lated beginning with the millage reduction fraction for the year

17 following the authorization. The first millage reduction frac-

18 tion used in calculating the limitation on millage approved by

19 the voters after January 1, 1979 shall not exceed 1.

20 (10) A millage reduction fraction shall be applied sepa-

21 rately to the aggregate maximum millage rate authorized by a

22 charter and to each maximum millage rate authorized by state law

23 for a specific purpose.

24 (11) A unit of local government may submit to the voters for

25 their approval the levy in that year of a tax rate in excess of

26 the limit set by this section. The ballot question may ask the

27 voters to approve the levy of a specific number of mills in

1 excess of the limit, or to approve the levy of a total number of

2 mills to be levied after application of this section and section

3 31 of article -9- IX of the state constitution of 1963, or to

4 approve the levy in that year of its authorized millage without

5 regard to the millage reduction required by section 31 of article

6 -9- IX of the state constitution of 1963, or to approve an

7 increase in that year's compounded millage reduction fraction to

8 1. If a tax levy in excess of the limit set by subsections (7)

9 to (9) is approved, the year's compounded millage rollback frac-

10 tion shall be recalculated for determining the following year's

11 compounded millage rollback fraction. The provisions of this

12 section -shall- DO not allow the levy of a millage rate in excess

13 of the maximum rate authorized by law or charter.

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

15 be applied to taxes imposed for the payment of principal and

16 interest on bonds or other evidence of indebtedness or for the

17 payment of assessments or contract obligations in anticipation of

18 which bonds are issued -which- THAT were authorized before

19 December 23, 1978, as provided by FORMER section 4 of chapter 1

20 of THE MUNICIPAL FINANCE ACT, Act No. 202 of the Public Acts of

21 1943, -being section 131.4 of the Michigan Compiled Laws,- or to

22 taxes imposed for the payment of principal and interest on bonds

23 or other evidence of indebtedness or for the payment of assess-

24 ments or contract obligations in anticipation of which bonds are

25 issued -which- THAT are approved by the voters after December 22,

26 1978.

1   (13) If it is determined subsequent to the levy of a tax

2 that an incorrect millage reduction fraction has been applied,

3 the amount of additional tax revenue or the shortage of tax reve-

4 nue shall be deducted from or added to the next regular tax levy

5 for that unit of local government after the determination of the

6 authorized rate pursuant to this section.

7   (14) If as a result of an appeal of county equalization or

8 state equalization the state equalized valuation of a unit of

9 local government changes, the millage reduction fraction for the

10 year shall be recalculated. The financial officer shall effectu-

11 ate an addition or reduction of tax revenue in the same manner as

12 prescribed in subsection (13).

13   (15) The fractions calculated pursuant to this section shall

14 be rounded to 4 decimal places, except that the inflation rate

15 shall be computed by the state tax commission and shall be

16 rounded to 3 decimal places. The state tax commission shall pub-

17 lish the inflation rate before March 1 of each year.

18   (16) BEGINNING IN 1991, IN EACH LOCAL UNIT OF GOVERNMENT,

19 THE MILLAGE REDUCTION FRACTION SHALL BE DETERMINED FOR THE CLAS-

20 SIFICATION OF PROPERTY THAT HAD THE GREATEST INCREASE IN STATE

21 EQUALIZED VALUATION AND THAT MILLAGE REDUCTION FRACTION SHALL

22 THEN BE APPLIED TO EACH CLASSIFICATION OF PROPERTY IN THAT LOCAL

23 UNIT OF GOVERNMENT.