

Act No. 38
Public Acts of 1991
Approved by the Governor
June 10, 1991
Filed with the Secretary of State
June 10, 1991

**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1991**

Introduced by Senators Berryman, Cherry, Kelly, Dingell, Hart, Stabenow, Wartner, DeGrow,
Schwarz, Arthurhultz, Barcia and Pollack

ENROLLED SENATE BILL No. 278

AN ACT to amend section 34d of Act No. 206 of the Public Acts of 1893, entitled as amended "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this 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:

Section 1. Section 34d of Act No. 206 of the Public Acts of 1893, as amended by Act No. 539 of the Public Acts of 1982, being section 211.34d of the Michigan Compiled Laws, is amended to read as follows:

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

(a) "Additions" means all increases in value caused by new construction, 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 previous year's assessment roll.

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

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

(d) "Losses" means a decrease in value caused by the removal or destruction of real or personal property and the value of property taxed in the immediately preceding year that has been exempted or removed from the assessment unit's assessment roll.

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

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

(g) "Inflation rate" means the ratio of the general price level for the calendar year preceding the current year divided by the general price level for the calendar year before the year 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 assessed valuation as approved by the local board of review for each classification of property that is separately equalized for each unit of local government and provide the tabulated assessed valuations to the county equalization director. The tabulation by the assessing officer shall contain additions and losses for each classification of property that is separately equalized for each unit of local government or part of a unit of local government in the township or city. The county equalization director shall compute these amounts and the current and immediately preceding year's state equalized valuation for each classification of property that is separately equalized for each unit of local government that levies taxes under this act within the boundary of the county. The county equalization director shall cooperate with equalization directors of neighboring counties, as necessary, to make the computation for units of local government located in more than 1 county. The county equalization director shall calculate the millage reduction fraction for each unit of local government in the county for the current year. The financial officer for each taxing jurisdiction shall calculate the compounded millage reduction fractions beginning in 1980 resulting from the multiplication of successive millage reduction fractions and shall recognize a local voter action that may increase the compounded millage reduction fraction to a maximum of 1 as a new beginning fraction. Upon request of the superintendent of the intermediate school district, the county equalization director shall transmit the complete computations of the assessed valuations to the superintendent of the intermediate school district within that county. At the request of the presidents of community colleges, the county equalization director shall transmit the complete computations of the assessed valuation to the presidents of community colleges within the county.

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

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

(5) The financial officer of each unit of local government shall make the computation of the tax rate using the data certified by the county treasurer and the state tax commission. At the annual session in October, the county board of commissioners shall not authorize the levy of a tax unless the governing body of the taxing jurisdiction has certified that the requested millage has been reduced, if necessary, in compliance with section 31 of article IX of the state constitution of 1963.

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

(7) A millage reduction fraction shall be determined for each year for each local unit of government. For ad valorem property taxes that became a lien before January 1, 1983, the numerator of the fraction shall be the total state equalized valuation for the preceding year multiplied by the inflation rate and the denominator of the fraction shall be the total state equalized valuation for the current year minus new construction and improvements. For ad valorem property taxes that become a lien after December 31, 1982, the numerator of the fraction shall be the product of the difference between the total state equalized valuation for the preceding year minus losses multiplied by the inflation rate and the denominator of the fraction shall be the total state equalized valuation for the current year minus additions.

(8) The compounded millage reduction fraction for 1981 and each year thereafter shall be calculated by multiplying the local unit's previous year's compounded millage reduction fraction by the current year's millage reduction fraction. Beginning with 1980 tax levies, the compounded millage reduction fraction for the year shall be multiplied by the maximum millage rate authorized by law or charter for the unit of local government for the year, except as provided by subsection (9). A compounded millage reduction fraction shall not exceed 1.

(9) The millage reduction shall be determined separately for authorized millage approved by the voters. Except if approved at an April biennial school district election held during 1991, the limitation on millage authorized by the voters on or before May 31 of a year shall be calculated beginning with the millage reduction fraction for that year. Millage authorized by the voters after May 31 or at an April biennial school district election held during 1991 shall not be subject to a millage reduction until the year following the voter authorization which shall be calculated beginning with the millage reduction fraction for the year following the authorization. Notwithstanding the other provisions of this subsection, beginning in 1992, millage authorized by the voters after March 31 and before June 1 shall not be subject to a millage reduction until the year following the voter authorization if the ballot question includes a statement that the approved mills will be levied against the final state equalized valuation for that tax year and that the mills will not be subject to the millage reduction required under section 31 of article IX of the state constitution of 1963 for that tax year. The first millage reduction fraction used in calculating the limitation on millage approved by the voters after January 1, 1979 shall not exceed 1.

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

(11) A unit of local government may submit to the voters for their approval the levy in that year of a tax rate in excess of the limit set by this section. The ballot question may ask the voters to approve the levy of a specific number of mills in excess of the limit, or to approve the levy of a total number of mills to be levied after application of this section and section 31 of article IX of the state constitution of 1963; to approve the levy in that year of its authorized millage without regard to the millage reduction required by section 31 of article IX of the state constitution of 1963; or to approve an increase in that year's compounded millage reduction fraction to 1. If a tax levy in excess of the limit set by subsections (7) to (9) is approved, the year's compounded millage rollback fraction shall be recalculated for determining the following year's compounded millage rollback fraction. The provisions of this section do not allow the levy of a millage rate in excess of the maximum rate authorized by law or charter.

(12) A reduction or limitation under this section shall not be applied to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued that were authorized before December 23, 1978, as provided by former section 4 of chapter I of the municipal finance act, Act No. 202 of the Public Acts of 1943, or to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued that are approved by the voters after December 22, 1978.

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

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

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

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved

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Governor.