

HOUSE BILL No. 4724

April 17, 1991, Introduced by Rep. Walberg 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

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~~ IMMEDIATELY PRECEDING year ~~which~~
12 THAT has been exempted or removed from the assessment unit's
13 assessment roll.

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

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

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

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

1 tabulation by the assessing officer shall contain additions and
2 losses for each classification of property ~~which~~ THAT is sepa-
3 rately equalized for each unit of local government or part of a
4 unit of local government in the township or city. The county
5 equalization director shall compute these amounts and the current
6 and ~~prior~~ IMMEDIATELY PRECEDING year's state equalized valua-
7 tion for each classification of property ~~which~~ THAT is sepa-
8 rately equalized for each unit of local government that levies
9 taxes under this act within the boundary of the county. ~~and~~
10 THE COUNTY EQUALIZATION DIRECTOR shall cooperate with equaliza-
11 tion directors of neighboring counties, as necessary, to make the
12 computation for units of local government located in more than 1
13 county. The county equalization director shall calculate the
14 millage reduction fraction for each unit of local government in
15 the county for the current year. The financial officer for each
16 taxing jurisdiction shall calculate the compounded millage reduc-
17 tion fractions beginning in 1980 resulting from the multiplica-
18 tion of successive millage reduction fractions and shall recog-
19 nize a local voter action ~~which~~ THAT may increase the com-
20 pounded millage reduction fraction to a maximum of 1 as a new
21 beginning fraction. Upon request of the superintendent of the
22 intermediate school district, the county equalization director
23 shall transmit the complete computations of the assessed valua-
24 tions to the superintendent of the intermediate school district
25 within that county. At the request of the presidents of commu-
26 nity colleges, the county equalization director shall transmit

1 the complete computations of the assessed valuation to the
2 presidents of community colleges within the county.

3 (3) On or before the first Monday in June of each year,
4 ~~beginning in 1979,~~ the county equalization director shall
5 deliver the statement of the computations signed by the county
6 equalization director to the county treasurer.

7 (4) On or before the second Monday in June of each year,
8 ~~beginning in 1979,~~ the treasurer of each county shall certify
9 the ~~prior~~ IMMEDIATELY PRECEDING year's state equalized valua-
10 tion, the current year's state equalized valuation, the amount of
11 additions and losses for the current year, and the current year's
12 millage reduction fraction for each unit of local government
13 ~~which~~ THAT levies a property tax in the county.

14 (5) The financial officer of each unit of local government
15 shall make the computation of the tax rate using the data certi-
16 fied by the county treasurer and the state tax commission. At
17 the annual session in October, the county board of commissioners
18 shall not authorize the levy of a tax unless the governing body
19 of the taxing jurisdiction has certified that the requested mill-
20 age has been reduced, if necessary, in compliance with section 31
21 of article ~~9~~ IX of the state constitution of 1963.

22 (6) The number of mills permitted to be levied in a tax year
23 ~~beginning after December 31, 1978,~~ is limited as provided in
24 this section pursuant to section 31 of article ~~9~~ IX of the
25 state constitution of 1963. A unit of local government shall not
26 levy a tax rate greater than the rate determined by reducing its
27 maximum rate or rates authorized by law or charter by a millage

1 reduction fraction as provided in this section without voter
2 approval.

3 (7) ~~Beginning in 1979, a~~ A millage reduction fraction
4 shall be determined for each year for each local unit of
5 government. For ad valorem property taxes that became a lien
6 before January 1, 1983, the numerator of the fraction shall be
7 the total state equalized valuation for the preceding year multi-
8 plied by the inflation rate and the denominator of the fraction
9 shall be the total state equalized valuation for the current year
10 minus new construction and improvements. For ad valorem property
11 taxes that become a lien after December 31, 1982, the numerator
12 of the fraction shall be the product of the difference between
13 the total state equalized valuation for the preceding year minus
14 losses multiplied by the inflation rate and the denominator of
15 the fraction shall be the total state equalized valuation for the
16 current year minus additions. ~~The millage reduction fraction~~
17 ~~for 1979 shall not exceed 1. For 1979 tax levies, the millage~~
18 ~~reduction fraction shall be multiplied by the maximum millage~~
19 ~~rate authorized by law or charter for the unit of local govern-~~
20 ~~ment for 1979, except as provided by subsection (9).~~

21 (8) ~~The millage reduction fraction for the 1979 tax year~~
22 ~~shall be the first fraction in the series of annual reduction~~
23 ~~fractions which shall be multiplied together to produce the com-~~
24 ~~pounded millage reduction fraction for the year. The compounded~~
25 ~~millage reduction fraction for 1980 shall be calculated by multi-~~
26 ~~plying the 1979 millage reduction fraction by the 1980 millage~~
27 ~~reduction fraction.~~ The compounded millage reduction fraction

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

10 (9) The millage reduction shall be determined separately for
 11 authorized millage approved by the voters. ~~after January 1,~~
 12 ~~1979. Beginning in 1980,~~ EXCEPT IF APPROVED AT AN APRIL BIEN-
 13 NIAL SCHOOL DISTRICT ELECTION, the limitation on millage autho-
 14 rized by the voters on or before May 31 of a year shall be calcu-
 15 lated beginning with the millage reduction fraction for that
 16 year. Millage authorized by the voters ~~in 1979 or~~ after May 31
 17 ~~of a subsequent year~~ OR AT AN APRIL BIENNIAL SCHOOL DISTRICT
 18 ELECTION shall not be subject to a millage reduction until the
 19 year following the voter authorization which shall be calculated
 20 beginning with the millage reduction fraction for the year fol-
 21 lowing the authorization. The first millage reduction fraction
 22 used in calculating the limitation on millage approved by the
 23 voters after January 1, 1979 shall not exceed 1.

24 (10) A millage reduction fraction shall be applied sepa-
 25 rately to the aggregate maximum millage rate authorized by a
 26 charter and to each maximum millage rate authorized by state law
 27 for a specific purpose.

1 (11) A unit of local government may submit to the voters for
 2 their approval the levy in that year of a tax rate in excess of
 3 the limit set by this section. The ballot question may ask the
 4 voters to approve the levy of a specific number of mills in
 5 excess of the limit, or to approve the levy of a total number of
 6 mills to be levied after application of this section and section
 7 31 of article ~~9~~ IX of the state constitution of 1963; ~~or~~ to
 8 approve the levy in that year of its authorized millage without
 9 regard to the millage reduction required by section 31 of article
 10 ~~9~~ IX of the state constitution of 1963; ~~or~~ or to approve an
 11 increase in that year's compounded millage reduction fraction to
 12 1. If a tax levy in excess of the limit set by subsections (7)
 13 to (9) is approved, the year's compounded millage rollback frac-
 14 tion shall be recalculated for determining the following year's
 15 compounded millage rollback fraction. The provisions of this
 16 section ~~shall~~ DO not allow the levy of a millage rate in excess
 17 of the maximum rate authorized by law or charter.

18 (12) A reduction or limitation under this section shall not
 19 be applied to taxes imposed for the payment of principal and
 20 interest on bonds or other evidence of indebtedness or for the
 21 payment of assessments or contract obligations in anticipation of
 22 which bonds are issued ~~which~~ THAT were authorized before
 23 December 23, 1978, as provided by FORMER section 4 of chapter ~~+~~
 24 I of THE MUNICIPAL FINANCE ACT, Act No. 202 of the Public Acts of
 25 1943, ~~being section 131.4 of the Michigan Compiled Laws,~~ or to
 26 taxes imposed for the payment of principal and interest on bonds
 27 or other evidence of indebtedness or for the payment of

1 assessments or contract obligations in anticipation of which
2 bonds are issued ~~which~~ THAT are approved by the voters after
3 December 22, 1978.

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

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

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