

HOUSE BILL No. 5402

December 11, 1991, Introduced by Rep. Bryant 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~~ IF
6 the sale is part of a liquidation of the seller's assets in a
7 bankruptcy proceeding or ~~where~~ IF the seller is unable to use
8 common marketing techniques to obtain the usual selling price for
9 the property. A sale or other disposition by the state or an
10 agency or political subdivision of the state of land acquired for
11 delinquent taxes or an appraisal made in connection with the sale
12 or other disposition or the value attributed to the property of
13 regulated public utilities by a governmental regulatory agency
14 for rate-making purposes shall not be considered controlling evi-
15 dence of true cash value for assessment purposes. In determining
16 the value, the assessor shall also consider the advantages and
17 disadvantages 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. HOWEVER, AN ARM'S LENGTH CASH SALE OF REAL
24 PROPERTY, WITH OR WITHOUT A MORTGAGE, IS A CONCLUSIVE PRESUMPTION
25 OF TRUE CASH VALUE.

26 (2) The assessor ~~, beginning December 31, 1976,~~ shall not
27 consider the increase in true cash value that is a result of

1 expenditures for normal repairs, replacement, and maintenance
2 ~~made or completed after December 30, 1976~~ in determining the
3 true cash value of property for assessment purposes until the
4 property is sold. For the purpose of implementing this subsec-
5 tion, the assessor shall not increase the construction quality
6 classification or reduce the effective age for depreciation pur-
7 poses, except if the appraisal of the property was erroneous
8 before nonconsideration of the normal repair, replacement, or
9 maintenance, and shall not assign an economic condition factor to
10 the property that differs from the economic condition factor
11 assigned to similar properties as defined by appraisal procedures
12 applied in the jurisdiction. The increase in value attributable
13 to the items included in subdivisions (a) to (o) that is known to
14 the assessor and excluded from true cash value shall be indicated
15 on the assessment roll. This subsection ~~shall apply~~ APPLIES
16 only to residential property. The following repairs ~~shall be~~
17 ARE considered normal maintenance if they are not part of a
18 structural addition or completion:

19 (a) Outside painting.

20 (b) Repairing or replacing siding, roof, porches, steps,
21 sidewalks, and drives.

22 (c) Repainting, repairing, or replacing existing masonry.

23 (d) Replacement of awnings.

24 (e) Adding or replacing gutters and downspouts.

25 (f) Replacing storm windows or doors.

26 (g) Insulation or weatherstripping.

1 (h) Complete rewiring.

2 (i) Replacing plumbing and light fixtures.

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

5 (k) Plaster repairs, inside painting, or other
6 redecorating.

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

8 (m) Removing partitions to enlarge rooms.

9 (n) Replacing automatic hot water heater.

10 (o) Replacing dated interior woodwork.

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

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

24 (b) Amounts attributable to personal property ~~which~~ THAT
25 were included in the purchase price of the property in the last
26 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
 3 local units of government, including school districts, to submit
 4 reports of revenue lost under subdivisions (a) and (b) and this
 5 subdivision so that the state may reimburse those units for that
 6 lost revenue.

7 (d) The purchaser of real property, including a purchaser by
 8 land contract, may file with the assessor of the city or township
 9 in which the property is located 2 copies of the purchase agree-
 10 ment or of an affidavit ~~which~~ THAT shall identify the amount,
 11 if any, for each item listed in subdivisions (a) to (c). One
 12 copy shall be forwarded by the assessor to the county equaliza-
 13 tion department. The affidavit shall be prescribed by the state
 14 tax commission.

15 (4) As used in subsection (1), "present economic income"
 16 means ~~in the case of~~ FOR leased or rented property the ordi-
 17 nary, general, and usual economic return realized from the lease
 18 or rental of property negotiated under current, contemporary con-
 19 ditions between parties equally knowledgeable and familiar with
 20 real estate values. The actual income generated by the lease or
 21 rental of property ~~shall~~ IS not ~~be~~ the controlling indicator
 22 of its cash value in all cases. This subsection ~~shall~~ DOES not
 23 apply to property ~~when~~ subject to a lease entered into ~~prior~~
 24 ~~to~~ BEFORE January 1, 1984 for which the terms of the lease gov-
 25 erning the rental rate or tax liability have not been renegoti-
 26 ated after December 31, 1983. This subsection ~~shall~~ DOES not
 27 apply to a nonprofit housing cooperative ~~when~~ subject to

1 regulatory agreements between the state or federal government
2 entered into ~~prior to~~ BEFORE January 1, 1984. As used in this
3 subsection, "nonprofit cooperative housing corporation" means a
4 nonprofit cooperative housing corporation ~~which~~ THAT is engaged
5 in providing housing services to its stockholders and members and
6 ~~which~~ THAT does not pay dividends or interest upon stock or
7 membership investment but ~~which~~ THAT does distribute all earn-
8 ings to its stockholders or members.