

# HOUSE BILL No. 6224

November 24, 1992, Introduced by Rep. Keith 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. 38 of the Public Acts of 1991, 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. 38 of the Public Acts of 1991, 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 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 that was exempt from taxes or not

1 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 immediately preceding year that has been  
12 exempted 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 that is separately equalized for  
25 each unit of local government and provide the tabulated assessed  
26 valuations to the county equalization director. The tabulation  
27 by the assessing officer shall contain additions and losses for

1 each classification of property that is separately equalized for  
2 each unit of local government or part of a unit of local govern-  
3 ment in the township or city. The county equalization director  
4 shall compute these amounts and the current and immediately pre-  
5 ceding year's state equalized valuation for each classification  
6 of property that is separately equalized for each unit of local  
7 government that levies taxes under this act within the boundary  
8 of the county. The county equalization director shall cooperate  
9 with equalization directors of neighboring counties, as neces-  
10 sary, to make the computation for units of local government  
11 located in more than 1 county. The county equalization director  
12 shall calculate the millage reduction fraction for each unit of  
13 local government in the county for the current year. The finan-  
14 cial officer for each taxing jurisdiction shall calculate the  
15 compounded millage reduction fractions beginning in 1980 result-  
16 ing from the multiplication of successive millage reduction frac-  
17 tions and shall recognize a local voter action that may increase  
18 the compounded millage reduction fraction to a maximum of 1 as a  
19 new beginning fraction. Upon request of the superintendent of  
20 the intermediate school district, the county equalization direc-  
21 tor shall transmit the complete computations of the assessed val-  
22 uations 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, the  
2 county equalization director shall deliver the statement of the  
3 computations signed by the county equalization director to the  
4 county treasurer.

5 (4) On or before the second Monday in June of each year, the  
6 treasurer of each county shall certify the immediately preceding  
7 year's state equalized valuation, the current year's state equal-  
8 ized valuation, the amount of additions and losses for the cur-  
9 rent year, and the current year's millage reduction fraction for  
10 each unit of local government that levies a property tax in the  
11 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 IX of the state constitution of 1963.

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

1 (7) A millage reduction fraction shall be determined for  
2 each year for each local unit of government. For ad valorem  
3 property taxes that became a lien before January 1, 1983, the  
4 numerator of the fraction shall be the total state equalized val-  
5 uation for the preceding year multiplied by the inflation rate  
6 and the denominator of the fraction shall be the total state  
7 equalized valuation for the current year minus new construction  
8 and improvements. For ad valorem property taxes that become a  
9 lien after December 31, 1982, the numerator of the fraction shall  
10 be the product of the difference between the total state equal-  
11 ized valuation for the preceding year minus losses multiplied by  
12 the inflation rate and the denominator of the fraction shall be  
13 the total state equalized valuation for the current year minus  
14 additions.

15 (8) ~~The~~ EXCEPT AS PROVIDED IN SUBSECTION (16), THE com-  
16 pounded millage reduction fraction for ~~1981 and~~ each year  
17 ~~thereafter~~ shall be calculated by multiplying the local unit's  
18 previous year's compounded millage reduction fraction by the cur-  
19 rent year's millage reduction fraction. Beginning with 1980 tax  
20 levies, the compounded millage reduction fraction for the year  
21 shall be multiplied by the maximum millage rate authorized by law  
22 or charter for the unit of local government for the year, except  
23 as provided by subsection (9). A compounded millage reduction  
24 fraction shall not exceed 1.

25 (9) The millage reduction shall be determined separately for  
26 authorized millage approved by the voters. Except if approved at  
27 an April biennial school district election held during 1991, the

1 limitation on millage authorized by the voters on or before May  
2 31 of a year shall be calculated beginning with the millage  
3 reduction fraction for that year. Millage authorized by the  
4 voters after May 31 or at an April biennial school district elec-  
5 tion held during 1991 shall not be subject to a millage reduction  
6 until the year following the voter authorization which shall be  
7 calculated beginning with the millage reduction fraction for the  
8 year following the authorization. Notwithstanding the other pro-  
9 visions of this subsection, beginning in 1992, millage authorized  
10 by the voters after March 31 and before June 1 shall not be  
11 subject to a millage reduction until the year following the voter  
12 authorization if the ballot question includes a statement that  
13 the approved mills will be levied against the final state equal-  
14 ized valuation for that tax year and that the mills will not be  
15 subject to the millage reduction required under section 31 of  
16 article IX of the state constitution of 1963 for that tax year.  
17 The first millage reduction fraction used in calculating the lim-  
18 itation on millage approved by the voters after January 1, 1979  
19 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 IX of the state constitution of 1963; to approve  
4 the levy in that year of its authorized millage without regard to  
5 the millage reduction required by section 31 of article IX of the  
6 state constitution of 1963; or to approve an increase in that  
7 year's compounded millage reduction fraction to 1. If a tax levy  
8 in excess of the limit set by subsections (7) to (9) is approved,  
9 the year's compounded millage rollback fraction shall be recalcu-  
10 lated for determining the following year's compounded millage  
11 rollback fraction. The provisions of this section do not allow  
12 the levy of a millage rate in excess of the maximum rate autho-  
13 rized 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 that were authorized before December 23,  
19 1978, as provided by former section 4 of chapter I of the munici-  
20 pal finance act, Act No. 202 of the Public Acts of 1943, or to  
21 taxes imposed for the payment of principal and interest on bonds  
22 or other evidence of indebtedness or for the payment of assess-  
23 ments or contract obligations in anticipation of which bonds are  
24 issued that are approved by the voters after December 22, 1978.

25 (13) If it is determined subsequent to the levy of a tax  
26 that an incorrect millage reduction fraction has been applied,  
27 the amount of additional tax revenue or the shortage of tax

1 revenue shall be deducted from or added to the next regular tax  
2 levy for that unit of local government after the determination of  
3 the authorized rate pursuant to this section.

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

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

15 (16) FOR PURPOSES OF DETERMINING THE COMPOUNDED MILLAGE  
16 REDUCTION FRACTION FOR 1993, THE FINANCIAL OFFICER FOR EACH  
17 TAXING JURISDICTION SHALL MULTIPLY THE LOCAL UNIT'S 1991 COM-  
18 POUNDED MILLAGE REDUCTION FRACTION BY THE PRODUCT OF THE 1992 AND  
19 1993 MILLAGE REDUCTION FRACTIONS DETERMINED PURSUANT TO THIS  
20 SUBSECTION. THE 1992 MILLAGE REDUCTION FRACTION AS DETERMINED  
21 FOR EACH UNIT OF LOCAL GOVERNMENT BY THE COUNTY EQUALIZATION  
22 DIRECTOR SHALL BE A FRACTION, OF WHICH THE NUMERATOR IS THE PROD-  
23 UCT OF THE DIFFERENCE BETWEEN THE TOTAL STATE EQUALIZED VALUATION  
24 FOR 1991 MINUS LOSSES IN 1991 MULTIPLIED BY THE INFLATION RATE  
25 DETERMINED FROM 1990 TO 1991, AND THE DENOMINATOR IS WHAT THE  
26 TOTAL STATE EQUALIZED VALUATION FOR 1992 WOULD HAVE BEEN IF THE  
27 ASSESSMENTS FOR THE 1991 TAX YEAR HAD NOT BEEN USED ON THE 1992



1 ASSESSMENT ROLL, MINUS ADDITIONS REFLECTED ON THE 1992 ASSESSMENT  
2 ROLL. THE 1993 MILLAGE REDUCTION FRACTION AS DETERMINED FOR EACH  
3 UNIT OF LOCAL GOVERNMENT BY THE COUNTY EQUALIZATION DIRECTOR  
4 SHALL BE A FRACTION, OF WHICH THE NUMERATOR IS THE PRODUCT OF THE  
5 DIFFERENCE BETWEEN WHAT THE TOTAL STATE EQUALIZED VALUATION FOR  
6 1992 WOULD HAVE BEEN IF THE ASSESSMENTS FOR THE 1991 TAX YEAR HAD  
7 NOT BEEN USED ON THE 1992 ASSESSMENT ROLL MINUS LOSSES IN 1992  
8 MULTIPLIED BY THE INFLATION RATE DETERMINED FROM 1991 TO 1992,  
9 AND THE DENOMINATOR IS THE TOTAL STATE EQUALIZED VALUATION FOR  
10 THE CURRENT YEAR MINUS ADDITIONS. THE COMPOUNDED MILLAGE REDUC-  
11 TION FRACTION COMPUTED PURSUANT TO THIS SUBSECTION SHALL NOT  
12 EXCEED 1 AND SHALL BE MULTIPLIED BY THE MAXIMUM MILLAGE RATE  
13 AUTHORIZED BY LAW OR CHARTER FOR THE UNIT OF LOCAL GOVERNMENT FOR  
14 THE YEAR, EXCEPT AS PROVIDED BY SUBSECTION (9).