

SENATE BILL No. 161

March 12, 1991, Introduced by Senator DI NELLO and referred to the Committee on Finance.

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 ~~—~~ OR a physical addition of equipment or
9 furnishings, and the value of property ~~which~~ THAT was exempt

1 from taxes or not included on the assessment unit's previous
2 year's assessment 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 YEAR'S and prior year's state equalized valuation for each clas-
6 sification of property ~~which~~ THAT is separately equalized for
7 each unit of local government that levies taxes under this act
8 within the boundary of the county and shall cooperate with equal-
9 ization directors of neighboring counties, as necessary, to make
10 the computation for units of local government located in more
11 than 1 county. The county equalization director shall calculate
12 the millage reduction fraction for each unit of local government
13 in the county for the current year. The financial officer for
14 each taxing jurisdiction shall calculate the compounded millage
15 reduction fractions beginning in 1980 resulting from the multi-
16 plication of successive millage reduction fractions and shall
17 recognize a local voter action ~~which may~~ TO 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~~ THE county. At the request of the presidents of
24 community colleges, the county equalization director shall trans-
25 mit the complete computations of the assessed valuation to the
26 presidents 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 COMPOUNDED
26 millage reduction fraction as provided in this section without
27 voter approval.

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
13 fraction shall be the total state equalized valuation for the
14 current year minus additions. The millage reduction fraction for
15 1979 shall not exceed 1. For 1979 tax levies, the millage reduc-
16 tion fraction shall be multiplied by the maximum millage rate
17 authorized 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 MILLAGE
21 reduction fractions which 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~~ EXCEPT AS OTHERWISE PROVIDED
26 IN THIS SUBSECTION, THE compounded millage reduction fraction for
27 1981 and each year ~~thereafter~~ AFTER 1981 shall be calculated by

1 multiplying the local unit's previous year's compounded millage
2 reduction fraction by the current year's millage reduction
3 fraction. Beginning with 1980 tax levies, the compounded millage
4 reduction fraction for the year shall be multiplied by the maxi-
5 mum millage rate authorized by law or charter for the unit of
6 local government for the year, except as provided by subsection
7 (9). A compounded millage reduction fraction shall not exceed
8 1. FOR A TAX YEAR BEGINNING AFTER DECEMBER 31, 1990, THE COM-
9 POUNDED MILLAGE REDUCTION FRACTION SHALL NOT EXCEED THE LOWEST
10 COMPOUNDED MILLAGE REDUCTION FRACTION FOR ANY TAX YEAR BEGINNING
11 AFTER DECEMBER 31, 1989. IF A TAX IS LEVIED DURING A TAX YEAR
12 BEGINNING AFTER DECEMBER 31, 1990 BY APPLICATION OF A COMPOUNDED
13 MILLAGE REDUCTION FRACTION THAT EXCEEDS THE LOWEST COMPOUNDED
14 MILLAGE REDUCTION FRACTION FOR ANY TAX YEAR BEGINNING AFTER
15 DECEMBER 31, 1989, THE AMOUNT OF ADDITIONAL TAX REVENUE SHALL BE
16 DEDUCTED FROM THE NEXT REGULAR TAX LEVY FOR THAT UNIT OF LOCAL
17 GOVERNMENT AFTER THE DETERMINATION OF THE AUTHORIZED RATE PURSU-
18 ANT TO THIS SECTION.

19 (9) The millage reduction shall be determined separately for
20 authorized millage approved by the voters after January 1, 1979.
21 Beginning in 1980, the limitation on millage authorized by the
22 voters on or before May 31 of a year shall be calculated begin-
23 ning with the millage reduction fraction for that year. Millage
24 authorized by the voters in 1979 or after May 31 of a subsequent
25 year shall not be subject to a millage reduction until the year
26 following the voter authorization, ~~which~~ IN WHICH CASE THE
27 MILLAGE REDUCTION shall be calculated beginning with the millage

1 reduction fraction for the year following the authorization. The
2 first millage reduction fraction used in calculating the limita-
3 tion on millage approved by the voters after January 1, 1979
4 shall not exceed 1.

5 (10) A COMPOUNDED millage reduction fraction shall be
6 applied separately to the aggregate maximum millage rate autho-
7 rized by a charter and to each maximum millage rate authorized by
8 state law for a specific purpose.

9 (11) A unit of local government may submit to the voters for
10 their approval the levy in that year of a tax rate in excess of
11 the limit set by this section. The ballot question may ask the
12 voters to approve the levy of a specific number of mills in
13 excess of the limit, or to approve the levy of a total number of
14 mills to be levied after application of this section and section
15 31 of article ~~9~~ IX of the state constitution of 1963, or to
16 approve the levy in that year of its authorized millage without
17 regard to the millage reduction required by section 31 of article
18 ~~9~~ IX of the state constitution of 1963, or to approve an
19 increase in that year's compounded millage reduction fraction to
20 1. If a tax levy in excess of the limit set by subsections (7)
21 to (9) is approved, the year's compounded millage ~~rollback~~
22 REDUCTION fraction shall be recalculated for determining the fol-
23 lowing year's compounded millage ~~rollback~~ REDUCTION fraction.
24 ~~The provisions of this~~ THIS section ~~shall~~ DOES not allow the
25 levy of a millage rate in excess of the maximum rate authorized
26 by law or charter.

1 (12) A reduction or limitation under this section shall not
2 be applied to taxes imposed for the payment of principal and
3 interest on bonds or other evidence of indebtedness or for the
4 payment of assessments or contract obligations in anticipation of
5 which bonds are issued ~~which~~ THAT were authorized before
6 December 23, 1978, as provided by FORMER section 4 of chapter 1
7 of THE MUNICIPAL FINANCE ACT, Act No. 202 of the Public Acts of
8 1943, ~~being section 131.4 of the Michigan Compiled Laws,~~ or to
9 taxes imposed for the payment of principal and interest on bonds
10 or other evidence of indebtedness or for the payment of assess-
11 ments or contract obligations in anticipation of which bonds are
12 issued ~~which~~ THAT are approved by the voters after December 22,
13 1978.

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

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

26 (15) The fractions calculated pursuant to this section shall
27 be rounded to 4 decimal places, except that the inflation rate

1 shall be computed by the state tax commission and shall be
2 rounded to 3 decimal places. The state tax commission shall pub-
3 lish the inflation rate before March 1 of each year.