

Act No. 415  
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**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1994**

Introduced by Rep Bobier  
Rep Rocca named co sponsor

# **ENROLLED HOUSE BILL No. 5945**

AN ACT to amend sections 7cc 10 10f 24 24b 24c 27 27a 30 30c 34d 34e 37 39a 42a and 44 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 section 7cc as added and section 24c as amended by Act No 237 of the Public Acts of 1994 section 10 as amended by Act No 135 of the Public Acts of 1991 section 10f as added by Act No 223 of the Public Acts of 1986 section 27 as amended by Act No 283 of the Public Acts of 1989 section 27a as amended by Act No 313 of the Public Acts of 1993 section 30 as amended by Act No 9 of the Public Acts of 1994 section 30c as added by Act No 297 of the Public Acts of 1994 section 34d as amended by Act No 145 of the Public Acts of 1993 section 34e as added by Act No 253 of the Public Acts of 1994 section 39a as amended by Act No 68 of the Public Acts of 1981 section 42a as added by Act No 112 of the Public Acts of 1990 and section 44 as amended by Act No 124 of the Public Acts of 1989 being sections 211 7cc 211 10 211 10f 211 24 211 24b 211 24c 211 27 211 27a 211 30 211 30c 211 34d 211 34e 211 37 211 39a 211 42a and 211 44 of the Michigan Compiled Laws and to add sections 8b and 27b

*The People of the State of Michigan enact*

Section 1 Sections 7cc 10 10f 24 24b 24c 27 27a 30 30c 34d 34e 37 39a 42a and 44 of Act No 206 of the Public Acts of 1893 section 7cc as added and section 24c as amended by Act No 237 of the Public Acts of 1994 section 10 as amended by Act No 135 of the Public Acts of 1991 section 10f as added by Act No 223 of the Public Acts of 1986 section 27 as amended by Act No 283 of the Public Acts of 1989 section 27a as amended by Act No 313 of the Public Acts of 1993 section 30 as amended by Act No 9 of the Public Acts of 1994 section 30c as added by Act No 297 of the Public Acts of 1994 section 34d as amended by Act No 145 of the Public Acts of 1993 section 34e as added by Act No 253 of the Public Acts of 1994 section 39a as amended by Act No 68 of the Public Acts of 1981 section 42a as added by Act No 112 of the Public Acts of 1990 and section 44 as amended by Act No 124 of the Public Acts of 1989 being sections 211 7cc 211 10 211 10f 211 24 211 24b 211 24c 211 27 211 27a 211 30 211 30c 211 34d 211 34e 211 37

211 39a 211 42a and 211 44 of the Michigan Compiled Laws are amended and sections 8b and 27b are added to read as follows

Sec 7cc (1) A homestead is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the school code of 1976 Act No 451 of the Public Acts of 1976 being section 380 1211 of the Michigan Compiled Laws if that owner claims an exemption as provided in this section Notwithstanding the tax day provided in section 2 the status of property as a homestead shall be determined on the date an affidavit claiming an exemption is filed under subsection (2)

(2) An owner of property may claim an exemption under this section by filing an affidavit on or before May 1 with the local tax collecting unit in which the property is located The affidavit shall state that the property is owned and occupied as a homestead by that owner of the property on the date that the affidavit is signed The affidavit shall be on a form prescribed by the department of treasury Beginning in 1995 1 copy of the affidavit shall be retained by the owner 1 copy shall be retained by the local tax collecting unit until any appeal or audit period under this act has expired and 1 copy shall be forwarded to the department of treasury pursuant to subsection (4) Beginning in 1995 the affidavit shall require the owner claiming the exemption to indicate if that owner has claimed another exemption on property in this state that is not rescinded If the affidavit requires an owner to include a social security number that owner's number is subject to the disclosure restrictions in Act No 122 of the Public Acts of 1941 being sections 205 1 to 205 31 of the Michigan Compiled Laws

(3) A husband and wife who are required to file or who do file a joint Michigan income tax return are entitled to not more than 1 homestead exemption

(4) Upon receipt of an affidavit filed under subsection (2) and unless the claim is denied under subsection (6) the assessor or shall exempt the property from the collection of the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of Act No 451 of the Public Acts of 1976 as provided in subsection (1) through the 1998 tax year or until December 31 of the year in which the property is transferred or the owner rescinds the claim for exemption The local tax collecting unit shall forward copies of affidavits to the department of treasury according to a schedule prescribed by the department of treasury An owner is required to file a new claim for exemption on the same property in 1999 and every 4 years after 1999

(5) Not more than 90 days after exempted property is no longer used as a homestead by the owner claiming an exemption that owner shall rescind the claim of exemption by filing with the local tax collecting unit a rescission form prescribed by the department of treasury Beginning October 1 1994 an owner who fails to file a rescission as required by this subsection is subject to a penalty of \$5 00 per day for each separate failure beginning after the 90 days have elapsed up to a maximum of \$200 00 This penalty shall be collected under Act No 122 of the Public Acts of 1941 and shall be deposited in the state school aid fund established in section 11 of article IX of the state constitution of 1963 This penalty may be waived by the department of treasury

(6) If the assessor of the local tax collecting unit believes that the property for which an exemption is claimed is not the homestead of the owner claiming the exemption effective for taxes levied after 1994 the assessor may deny a new or existing claim by notifying the owner and the department of treasury in writing of the reason for the denial and advising the owner that the denial may be appealed to the department of treasury within 35 days after the date of the notice The denial shall be made on a form prescribed by the department of treasury If the assessor of the local tax collecting unit believes that the property for which the exemption is claimed is not the homestead of the owner claiming the exemption for taxes levied in 1994 the assessor may send a recommendation for denial for any affidavit that is forwarded to the department of treasury stating the reasons for the recommendation If the assessor of the local tax collecting unit believes that the property for which the exemption is claimed is not the homestead of the owner claiming the exemption and has not denied the claim for taxes levied after 1994 the assessor shall include a recommendation for denial with any affidavit that is forwarded to the department of treasury or for an existing claim shall send a recommendation for denial to the department of treasury stating the reasons for the recommendation

(7) The department of treasury shall determine if the property is the homestead of the owner claiming the exemption The department of treasury may review the validity of exemptions for the current calendar year and for the 3 immediately preceding calendar years If the department of treasury determines that the property is not the homestead of the owner claiming the exemption the department shall send a notice of that determination to the local tax collecting unit and to the owner of the property claiming the exemption indicating that the claim for exemption is denied stating the reason for the denial and advising the owner claiming the exemption of the right to appeal the determination to the department of treasury and what those rights of appeal are The department of treasury may issue a notice denying a claim if an owner fails to respond within 30 days of receipt of a request for information from that department An appeal to the department of treasury shall be conducted according to the provisions for an informal conference in section 21 of Act No 122 of the Public Acts of 1941 being section 205 21 of the Michigan Compiled Laws Upon receipt of a notice that the department of treasury has denied a claim for exemption the assessor shall remove the exemption of the property and either correct the current tax roll to reflect or place on the next tax roll previously unpaid taxes with interest and penalties computed based on the interest and penalties that would have accrued from the date the taxes were originally levied if there had not been an exemption Interest and penalties shall not be assessed

for any period before February 14 1995. However if the property has been transferred to a bona fide purchaser the taxes interest and penalties shall not be billed on the next tax statement by the local tax collecting unit to the bona fide purchaser and the local tax collecting unit shall notify the department of treasury of the amount of tax due and interest through the date of that notification. The department of treasury shall then assess the owner who claimed the homestead property tax exemption for the tax and interest plus penalty if any as for unpaid taxes provided under Act No. 122 of the Public Acts of 1941 and shall deposit any tax interest or penalty collected into the state school aid fund.

(8) An owner may appeal a final decision of the department of treasury to the residential and small claims division of the Michigan tax tribunal within 35 days of that decision. An assessor may appeal a final decision of the department of treasury to the residential and small claims division of the Michigan tax tribunal within 35 days of that decision if the assessor denied the exemption under subsection (6) or for taxes levied in 1994 only the assessor forwarded a recommendation for denial to the department of treasury under subsection (6). An owner is not required to pay the amount of tax in dispute in order to appeal a denial of a claim of exemption to the department of treasury or to receive a final determination of the residential and small claims division of the Michigan tax tribunal. However interest and penalties except as provided in subsection (7) if any shall accrue and be computed based on the interest and penalties that would have accrued from the date the taxes were originally levied as if there had not been an exemption.

(9) An affidavit filed by an owner for a homestead shall rescind all previous exemptions filed by that owner for any other homestead. The department of treasury shall notify the assessor of the local tax collecting unit in which the property for which a previous exemption was claimed is located that the previous exemption is rescinded by the subsequent affidavit. Upon receipt of notice that an exemption is rescinded the assessor of the local tax collecting unit shall remove the exemption effective December 31 of the year in which the affidavit or rescission form is filed with the local tax collecting unit.

(10) If the homestead is part of a unit in a multiple unit dwelling or a dwelling unit in a multiple purpose structure an owner shall claim an exemption for only that portion of the total taxable value of the property used as the homestead of that owner in a manner prescribed by the department of treasury. If a portion of a parcel for which the owner claims an exemption is used for a purpose other than as a homestead the owner shall claim an exemption for only that portion of the taxable value of the property used as the homestead of that owner in a manner prescribed by the department of treasury.

(11) When a county register of deeds records a transfer of ownership of a property he or she shall notify the local tax collecting unit in which the property is located of the transfer.

(12) The department of treasury shall make available the affidavit forms and the forms to rescind an exemption which may be on the same form to all city and township assessors county equalization officers county registers of deeds and closing agents. A person who prepares a closing statement for the sale of property shall provide affidavit and rescission forms to the buyer and seller at the closing and if requested by the buyer or seller after execution by the buyer or seller shall file the forms with the local tax collecting unit in which the property is located. If a closing statement preparer fails to provide homestead exemption affidavit and rescission forms to the buyer and seller or fails to file the affidavit and rescission forms with the local tax collecting unit if requested by the buyer or seller the buyer may appeal to the department of treasury within 30 days of notice to the buyer that an exemption was not recorded. If the department of treasury determines that the buyer qualifies for the exemption the department of treasury shall notify the assessor of the local tax collecting unit that the exemption is granted and the assessor of the local tax collecting unit or if the tax roll is in the possession of the county treasurer the county treasurer shall correct the tax roll to reflect the exemption. This subsection does not create a cause of action at law or in equity against a closing statement preparer who fails to provide homestead exemption affidavit and rescission forms to a buyer and seller or who fails to file the affidavit and rescission forms with the local tax collecting unit when requested to do so by the buyer or seller.

(13) An owner who owned and occupied a homestead on May 1 in any year for which a homestead property tax exemption affidavit was claimed to have been filed and for which the exemption was not on the tax roll may file an appeal with the July board of review or if there is not a summer levy of school operating taxes with the December board of review. In 1994 an owner of property that is a homestead on May 1 for which the local tax collecting unit has not received a claim of exemption may claim an exemption for 1994 in person or by mail at the July board of review or the December board of review.

(14) In 1994 only an owner who acquires a homestead after April 30 for which an affidavit was not filed in 1994 may file an affidavit as provided in subsection (2) not later than October 1 1994. Upon receipt the assessor shall exempt the property from 50% of the number of mills levied in 1994 under section 1211 of Act No. 451 of the Public Acts of 1976 from which homesteads are exempt not to exceed 50% of the total number of mills from which homesteads are exempt in 1994 on the December tax roll. If there is not a December levy of the tax under section 1211 of Act No. 451 of the Public Acts of 1976 the owner may appear in person or by mail before the December board of review and obtain a rebate as provided in section 53b of 50% of the number of mills levied in 1994 under section 1211 of Act No. 451 of the Public Acts of 1976 from which homesteads are exempt not to exceed 50% of the total number of mills from which homesteads are exempt in 1994. This subsection does not apply unless the 1994 assessment of the property is based on

the valuation of a homestead or a portion of a structure that has become a homestead. An affidavit filed under this subsection is subject to all the provisions of this section.

Sec 8b The taxable value of personal property located on a parcel of real property and assessed to the same person shall be calculated separately from the calculation of taxable value of the real property under section 27a. The taxable value of buildings on leased land shall be calculated separately from the taxable value of other personal property assessed to the same person. This section does not prohibit the filing of personal property statements combining personal property located on more than 1 parcel of real property.

Sec 10 (1) An assessment of all the property in the state liable to taxation shall be made annually in all townships, villages, and cities by the applicable assessing officer as provided in section 3 of article IX of the state constitution of 1963 and section 27a.

(2) Notwithstanding any provision to the contrary in the act of incorporation or charter of a village, an assessment for village taxes shall be identical to the assessment made by the applicable assessing officer of the township in which the village is located, and tax statements shall set forth clearly the state equalized value and the taxable value of the individual properties in the village upon which authorized millages are levied.

(3) If a nonresident of the taxing unit requests in writing information regarding the assessment of his or her property, the supervisor or assessing officer shall reply to the request within a reasonable length of time.

Sec 10f (1) If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll, may provide for the use of state employees to prepare the roll, or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d. The commission shall consider the quality of the tax maps and appraisal records required by section 10e as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.

(2) If a certified assessment roll cannot be provided in sufficient time for a summer tax levy, or for the annual levy on December 1, the commission shall order the levy of interim taxes based on the tentative taxable value of individual properties as determined by the commission, sitting as the state board of equalization, apportioned to the local assessing unit by the county board of commissioners, and apportioned to each property in proportion to the tentative taxable values entered in the current uncertified assessment roll. If there is no current assessment roll, the commission shall substitute the latest complete assessment roll for the current roll for the interim tax levy. The payment of a tax levied as an interim tax levy does not constitute a final and ultimate discharge of the taxpayer's liability for the tax levied against that property. An interim tax levy made under this subsection shall be clearly labeled as an interim tax levy subject to adjustment after an assessment roll is certified.

(3) Within 30 days after the final determination by the commission of the assessed valuation and taxable value for each individual property listed on the assessment roll, the commission shall cause to be mailed a notice of the new assessment and new taxable value to each owner. An owner has the right to petition the tax tribunal directly for a hearing on the assessed valuation or taxable value within 30 days after the date of the notice in the same manner as provided under section 35 of the tax tribunal act, Act No. 186 of the Public Acts of 1973, being section 205.735 of the Michigan Compiled Laws. The notice shall specify each parcel of property, the assessed valuation for the current year, the assessed valuation for the immediately preceding year, the tentative taxable value for the current year, the taxable value for the immediately preceding year, the state equalized valuation for the immediately preceding year, the tentative equalized valuation for the current year, the net change in the assessed valuation, the net change in the tentative taxable value, and the net change between the tentative equalized valuation for the current year and the state equalized valuation for the immediately preceding year. The notice shall also include a statement informing the owner that an appeal of the assessment or taxable value must be made within 30 days of the date of the assessment notice directly to the tax tribunal and shall include information on how and where an appeal can be made.

(4) After the final determination of the equalized assessed valuations and taxable values by the commission, the assessing officer, or if there is no assessing officer, an agent designated by the commission, shall determine the difference in tax, if any, between the interim levy and a levy made on the final taxable values as finally determined by the commission, which may be referred to as the final levy. The final levy shall be at the rates that were approved and ordered spread for the year in which there was not a certified assessment roll.

(5) A difference in the tax determined in subsection (4) shall be reported to the county board of commissioners, which shall order that additional taxes or credits against individual properties shall be added to or subtracted from the next succeeding annual tax roll, together with a proportionate share of the property tax administration fee, if a fee is charged, applicable to the difference.

(6) Additional taxes collected or credits against the tax liability made under this section shall be shared by taxing units in the respective proportions that they share the revenue received from the final levy

(7) The commission shall render technical assistance if necessary to implement this section

(8) The commission shall provide the tax tribunal with a certified copy of its orders and a copy of each final determination made under this section

Sec 24 (1) On or before the first Monday in March in each year the supervisor or assessor shall make and complete an assessment roll upon which he or she shall set down the name and address of every person liable to be taxed in the township or assessment district with a full description of all the real property liable to be taxed. If the name of the owner or occupant of any tract or parcel of real property is known the assessor shall enter the name and address of the owner or occupant opposite to the description of the property. If unknown the real property described upon the roll shall be assessed as owner unknown. All contiguous subdivisions of any section that are owned by 1 person firm corporation or other legal entity and all unimproved lots in any block that are contiguous and owned by 1 person firm corporation or other legal entity shall be assessed as 1 parcel unless demand in writing is made by the owner or occupant to have each subdivision of the section or each lot assessed separately. However failure to assess contiguous parcels as entireties does not invalidate the assessment as made. Each description shall show as near as possible the number of acres contained in it as determined by the assessor. It is not necessary for the assessment roll to specify the quantity of land comprised in any town city or village lot. The assessor shall estimate according to his or her best information and judgment the true cash value and assessed value of every parcel of real property and set the assessed value down opposite the parcel. The assessor shall calculate the tentative taxable value of every parcel of real property and set that value down opposite the parcel. The assessor shall determine the percentage of value of every parcel of real property that is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the school code of 1976 Act No 451 of the Public Acts of 1976 being section 380 1211 of the Michigan Compiled laws and set that percentage of value down opposite the parcel. The assessor shall determine the date of the last transfer of ownership of every parcel of real property occurring after December 31 1994 and set that date down opposite the parcel. The assessor shall also estimate the true cash value of all the personal property of each person and set the assessed value and tentative taxable value down opposite the name of the person. In determining the property to be assessed and in estimating the value of that property the assessor is not bound to follow the statements of any person but shall exercise his or her best judgment. Property assessed to a person other than the owner shall be assessed separately from the owner's property and shall show in what capacity it is assessed to that person whether as agent guardian or otherwise. Two or more persons not being copartners owning personal property in common may each be assessed severally for each person's portion. Undivided interests in lands owned by tenants in common or joint tenants not being copartners may be assessed to the owners.

(2) The state geologist or his or her duly authorized deputy shall determine according to his or her best information and judgment the true cash value of the metallic mining properties and mineral rights consisting of metallic resources that are either producing developed or have a known commercial mineral value including surface rights and personal property that may be used in the operation or development of the property assessed or any stockpile of ore or mineral stored on the surface. For the purpose of encouraging the exploration and development of metallic mineral resources metallic mineral ore newly discovered or proven in the ground and not part of the property of an operating mine shall be exempt from the taxes collected under this act for a maximum period of 10 years or until the time it becomes part of the property of an operating mine or it in itself becomes an operating mine. Metallic mineral ore newly discovered or proven in the ground and part of the property of an operating mine shall be exempt from taxes collected under this act until it in combination with previously discovered metallic mineral ore of the operating mine comes into a 10 year recovery period of the mine as determined by the average normal annual rate of extraction of the mine.

(3) An operating mine shall be defined to be an operating mine as of the date of starting of a shaft stripping of overburden or rehabilitation or an abandoned or idle mine closed for not less than 2 years. Ore shall not enjoy more than 10 years exemption from taxation. This section does not exempt from the taxes collected under this act ore reserves proven as of April 1 1947. It is the intent of this act that mineral properties shall be valued and assessed in the future for ad valorem taxes according to the formula used in the valuation of mineral properties before the effective date of this act. It is the intent of this act that no metallic mineral ore shall be exempt more than 10 years because of the application of this act and if at any time it becomes evident that such is the case the state tax commission shall determine the value of this untaxed ore and place this valuation on the proper tax roll. The state geologist shall report his or her determination of the true cash value of the mineral properties to the state tax commission on or before February 10 of each year. The state tax commission shall assess the mineral properties containing 20% or more of natural iron per ton of ore in conformity and uniformity with all other property within the assessing district. The state tax commission shall assess all other metallic mineral properties at the value certified by the state geologist. The state tax commission as early as is practicable before February 20 shall certify the assessment of the property to the supervisor or assessing officer of the township or city in which the property is situated who shall for the mineral properties and mineral rights that are owned separate from the surface rights on the property assess each to the owner at the valuation certified to him or her. However an adjustment to the value certified by the state tax commission may

be made by the supervisor or assessing officer of the township or city to reflect any general adjustment of assessed valuation from the immediately preceding year not included in the state tax commission computation. The supervisor or assessing officer shall determine the true cash value of the surface rights and assess the value of the surface rights to the owner. The assessment upon the metallic mining properties and mineral rights may be altered from year to year regardless of whether any previous assessment has been reviewed by the state tax commission. The supervisor or other local assessing officer or the owner of any interest in the property assessed may appeal the assessment and valuation of the property as determined by the board of review to the state tax commission which shall review the assessment and valuation as provided in section 152.

Sec 24b (1) The tax roll and the tax statement shall clearly set forth the latest taxable value for each item of property.

(2) The supervisor or assessor shall spread the taxes on the tax roll on the taxable value for each item of property.

(3) These requirements do not apply if the current year's state equalized valuation or taxable value is not available when the tax roll or tax statements of a city are prepared under a law or charter provision.

Sec 24c (1) The assessor shall give to each owner or person or persons listed on the assessment roll of the property a notice by first class mail of an increase in the assessed valuation or the tentative taxable value for the year. The notice shall specify each parcel of property, the assessed valuation, the tentative taxable value for the current year and beginning in 1996, the taxable value for the immediately preceding year. The notice shall also specify the time and place of the meeting of the board of review. Beginning in 1996, the notice shall also specify the difference between the property's tentative taxable value in the current year and the property's taxable value in the immediately preceding year. The notice also may specify the net change in the property's assessed valuation.

(2) Except as provided by subsection (4), the notice shall include, in addition to the information required by subsection (1), all of the following:

(a) The state equalized valuation for the immediately preceding year.

(b) The tentative state equalized valuation for the current year.

(c) The net change between the tentative state equalized valuation for the current year and the state equalized valuation for the immediately preceding year.

(d) The classification of the property as defined by section 34c.

(e) The inflation rate for the immediately preceding year as defined in section 34d.

(f) A statement provided by the state tax commission explaining the relationship between state equalized valuation and taxable value. Beginning in 1996, if the assessor believes that a transfer of ownership has occurred in the immediately preceding year, the statement shall state that the ownership was transferred and that the taxable value of that property is the same as the state equalized valuation of that property.

(3) When required by the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being sections 206.1 to 206.532 of the Michigan Compiled Laws, the assessment notice shall include or be accompanied by information or forms prescribed by Act No. 281 of the Public Acts of 1967.

(4) The following apply to all assessment notices:

(a) If the tentative equalization multiplier is 1.0 for all classes of property, the assessment notice may exclude the information required by subsection (2)(b) and (c) and instead specify the assessed valuation for the current year as both the assessed valuation and tentative equalized valuation for the year.

(b) If the equalization multiplier for the immediately preceding year was 1.0 for all classes of property, the assessment notice may exclude the information required by subsection (2)(a) and instead specify the assessed valuation for the immediately preceding year as both the assessed valuation and state equalized valuation of the property for the immediately preceding year.

(5) The assessment notice shall be addressed to the owner according to the records of the assessor and mailed not less than 10 days before the meeting of the board of review. The failure to send or receive an assessment notice does not invalidate an assessment roll or an assessment on that property.

(6) The tentative equalized valuation shall be calculated by multiplying the assessment by the tentative equalized valuation multiplier. If the assessor has made assessment adjustments that would have changed the tentative multiplier, the assessor may recalculate the multiplier for use in the notice.

(7) The state tax commission shall prepare a model assessment notice form that shall be made available to local units of government.

(8) Beginning in 1995, the assessment notice under subsection (1) shall include the following statement:

If you purchased your homestead after May 1 last year to claim the homestead exemption if you have not already done so you are required to file an affidavit before May 1

Sec 27 (1) As used in this act cash value means the usual selling price at the place where the property to which the term is applied is at the time of assessment being the price that could be obtained for the property at private sale and not at auction sale except as otherwise provided in this section or at forced sale The usual selling price may include sales at public auction held by a nongovernmental agency or person when those sales have become a common method of acquisition in the jurisdiction for the class of property being valued The usual selling price does not include sales at public auction where the sale is part of a liquidation of the seller's assets in a bankruptcy proceeding or where the seller is unable to use common marketing techniques to obtain the usual selling price for the property A sale or other disposition by the state or an agency or political subdivision of the state of land acquired for delinquent taxes or an appraisal made in connection with the sale or other disposition or the value attributed to the property of regulated public utilities by a governmental regulatory agency for rate making purposes shall not be considered controlling evidence of true cash value for assessment purposes In determining the value the assessor shall also consider the advantages and disadvantages of location quality of soil zoning existing use present economic income of structures including farm structures present economic income of land if the land is being farmed or otherwise put to income producing use quantity and value of standing timber water power and privileges and mines minerals quarries or other valuable deposits known to be available in the land and their value

(2) The assessor shall not consider the increase in true cash value that is a result of expenditures for normal repairs replacement and maintenance in determining the true cash value of property for assessment purposes until the property is sold For the purpose of implementing this subsection the assessor shall not increase the construction quality classification or reduce the effective age for depreciation purposes except if the appraisal of the property was erroneous before nonconsideration of the normal repair replacement or maintenance and shall not assign an economic condition factor to the property that differs from the economic condition factor assigned to similar properties as defined by appraisal procedures applied in the jurisdiction The increase in value attributable to the items included in subdivisions (a) to (o) that is known to the assessor and excluded from true cash value shall be indicated on the assessment roll This subsection applies only to residential property The following repairs shall be considered normal maintenance if they are not part of a structural addition or completion

- (a) Outside painting
- (b) Repairing or replacing siding roof porches steps sidewalks and drives
- (c) Repainting repairing or replacing existing masonry
- (d) Replacement of awnings
- (e) Adding or replacing gutters and downspouts
- (f) Replacing storm windows or doors
- (g) Insulation or weatherstripping
- (h) Complete rewiring
- (i) Replacing plumbing and light fixtures
- (j) New furnace replacing a furnace of the same type or replacing oil or gas burner
- (k) Plaster repairs inside painting or other redecorating
- (l) New ceiling wall or floor surfacing
- (m) Removing partitions to enlarge rooms
- (n) Replacing automatic hot water heater
- (o) Replacing dated interior woodwork

(3) A city or township assessor a county equalization department or the state tax commission before utilizing real estate sales data on real property purchases including purchases by land contract for the purpose of determining assessments or in making sales ratio studies for the purpose of assessing or equalizing assessments shall exclude from the sales data the following amounts allowed by subdivisions (a) (b) and (c) to the extent that the amounts are included in the real property purchase price and are so identified in the real estate sales data or certified to the assessor as provided in subdivision (d)

- (a) Amounts paid for obtaining financing of the purchase price of the property or the last conveyance of the property
- (b) Amounts attributable to personal property that were included in the purchase price of the property in the last conveyance of the property
- (c) Amounts paid for surveying the property pursuant to the last conveyance of the property The legislature may require local units of government including school districts to submit reports of revenue lost under subdivisions (a) and (b) and this subdivision so that the state may reimburse those units for that lost revenue

(d) The purchaser of real property including a purchaser by land contract may file with the assessor of the city or township in which the property is located 2 copies of the purchase agreement or of an affidavit that shall identify the amount if any for each item listed in subdivisions (a) to (c). One copy shall be forwarded by the assessor to the county equalization department. The affidavit shall be prescribed by the state tax commission.

(4) As used in subsection (1) present economic income means for leased or rented property the ordinary general and usual economic return realized from the lease or rental of property negotiated under current contemporary conditions between parties equally knowledgeable and familiar with real estate values. The actual income generated by the lease or rental of property is not the controlling indicator of its cash value in all cases. This subsection does not apply to property subject to a lease entered into before January 1, 1984 for which the terms of the lease governing the rental rate or tax liability have not been renegotiated after December 31, 1983. This subsection does not apply to a nonprofit housing cooperative subject to regulatory agreements between the state or federal government entered into before January 1, 1984. As used in this subsection nonprofit cooperative housing corporation means a nonprofit cooperative housing corporation that is engaged in providing housing services to its stockholders and members and that does not pay dividends or interest upon stock or membership investment but that does distribute all earnings to its stockholders or members.

(5) Beginning December 31, 1994 the purchase price paid in a transfer of property is not the presumptive true cash value of the property transferred. In determining the true cash value of transferred property an assessing officer shall assess that property using the same valuation method used to value all other property of that same classification in the assessing jurisdiction. As used in this subsection purchase price means the total consideration agreed to in an arms length transaction and not at a forced sale paid by the purchaser of the property stated in dollars whether or not paid in dollars.

Sec. 27a (1) Except as otherwise provided in this section property shall be assessed at 50% of its true cash value under section 3 of article IX of the state constitution of 1963.

(2) Except as otherwise provided in subsection (3) for taxes levied in 1995 and for each year after 1995 the taxable value of each parcel of property is the lesser of the following:

(a) The property's taxable value in the immediately preceding year minus any losses multiplied by the lesser of 1.05 or the inflation rate plus all additions. However if a fraction the numerator of which is the state equalized value for the current year minus additions and the denominator of which is the state equalized value for the immediately preceding year minus losses is less than both 1.05 and the inflation rate for purposes of this subdivision the taxable value is the product of the property's taxable value in the immediately preceding year minus losses multiplied by that fraction plus additions. For taxes levied in 1995 the property's taxable value in the immediately preceding year is the property's state equalized valuation in 1994.

(b) The property's current state equalized valuation.

(3) Upon a transfer of ownership of property after 1994 the property's taxable value for the calendar year following the year of the transfer is the property's state equalized valuation for the calendar year following the transfer.

(4) If the taxable value of property is adjusted under subsection (3) a subsequent increase in the property's taxable value is subject to the limitation set forth in subsection (2) until a subsequent transfer of ownership occurs.

(5) Assessment of property as required in this section and section 27 is inapplicable to the assessment of property subject to the levy of ad valorem taxes within voted tax limitation increases to pay principal and interest on limited tax bonds issued by any governmental unit including a county township community college district or school district before January 1, 1964 if the assessment required to be made under this act would be less than the assessment as state equalized prevailing on the property at the time of the issuance of the bonds. This inapplicability shall continue until levy of taxes to pay principal and interest on the bonds is no longer required. The assessment of property required by this act shall be applicable for all other purposes.

(6) As used in this act transfer of ownership means the conveyance of title to or a present interest in property including the beneficial use of the property the value of which is substantially equal to the value of the fee interest. Transfer of ownership of property includes but is not limited to the following:

(a) A conveyance by deed.

(b) A conveyance by land contract. The taxable value of property conveyed by a land contract executed after December 31, 1994 shall be adjusted under subsection (3) for the calendar year following the year in which the contract is entered into and shall not be subsequently adjusted under subsection (3) when the deed conveying title to the property is recorded in the office of the register of deeds in the county in which the property is located.

(c) A conveyance to a trust after December 31, 1994 except if the sole present beneficiary or beneficiaries are the settlor or the settlor's spouse or both.

(d) A conveyance by distribution from a trust except if the distributee is the sole present beneficiary or the spouse of the sole present beneficiary or both.



(e) A change in the sole present beneficiary or beneficiaries of a trust except a change that adds or substitutes the spouse of the sole present beneficiary

(f) A conveyance by distribution under a will or by intestate succession except if the distributee is the decedent's spouse

(g) A conveyance by lease if the total duration of the lease including the initial term and all options for renewal is more than 35 years or the lease grants the leasee a bargain purchase option. As used in this subdivision, bargain purchase option means the right to purchase the property at the termination of the lease for not more than 80% of the property's projected true cash value at the termination of the lease. After December 31, 1994, the taxable value of property conveyed by a lease with a total duration of more than 35 years or with a bargain purchase option shall be adjusted under subsection (3) for the calendar year following the year in which the lease is entered into. This subdivision does not apply to personal property except buildings described in section 14(6) and personal property described in section 8(h), (i), and (j).

(h) A conveyance of an ownership interest in a corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity if the ownership interest conveyed is more than 50% of the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity. Unless notification is provided under subsection (8), the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity shall notify the assessing officer on a form provided by the state tax commission not more than 45 days after a conveyance of an ownership interest that constitutes a transfer of ownership under this subdivision.

(i) A transfer of property held as a tenancy in common except that portion of the property not subject to the ownership interest conveyed.

(7) Transfer of ownership does not include the following:

(a) The transfer of property from 1 spouse to the other spouse or from a decedent to a surviving spouse.

(b) A transfer from a husband, a wife, or a husband and wife creating or disjoining a tenancy by the entireties in the grantors or the grantor and his or her spouse.

(c) A transfer subject to a life estate or life lease retained by the transferor until expiration or termination of the life estate or life lease.

(d) A transfer through foreclosure or forfeiture of a recorded instrument under chapter 31, 32, or 57 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being sections 600.3101 to 600.3280 and 600.5701 to 600.5785 of the Michigan Compiled Laws, or through deed or conveyance in lieu of a foreclosure or forfeiture until the mortgagee or land contract vendor subsequently transfers the property. If a mortgagee does not transfer the property within 1 year of the expiration of any applicable redemption period, the property shall be adjusted under subsection (3).

(e) A transfer by redemption by the person to whom taxes are assessed of property previously sold for delinquent taxes.

(f) A conveyance to a trust if the sole present beneficiary of the trust is the settlor or the settlor's spouse.

(g) A transfer pursuant to a judgment or order of a court of record making or ordering a transfer unless a specific monetary consideration is specified or ordered by the court for the transfer.

(h) A transfer creating or terminating a joint tenancy between 2 or more persons if at least 1 of the persons is an original owner of the property when the joint tenancy was initially created and if the property is held as a joint tenancy at the time of conveyance, at least 1 of the persons was a joint tenant when the joint tenancy was initially created, and that person has remained a joint tenant since the joint tenancy was initially created. A joint owner at the time of the last transfer of the property is an original owner of the property. For purposes of this subdivision, a person is an original owner of property owned by that person's spouse.

(i) A transfer for security or an assignment or discharge of a security interest.

(j) A transfer of real property or other ownership interests among members of an affiliated group. As used in this subsection, affiliated group means 1 or more corporations connected by stock ownership to a common parent corporation. Upon request by the state tax commission, a corporation shall furnish proof that a transfer meets the requirements of this subdivision. A corporation that fails to comply with a request by the state tax commission under this subdivision is subject to the penalties set forth in section 27b.

(k) Normal public trading of shares of stock or other ownership interests that over any period of time cumulatively represent more than 50% of the total ownership interest in a corporation or other legal entity and are traded in multiple transactions involving unrelated individuals, institutions, or other legal entities.

(l) A transfer of real property or other ownership interests among corporations, partnerships, limited liability companies, limited liability partnerships, or other legal entities if the entities involved are commonly controlled. Upon request by the state tax commission, a corporation, partnership, limited liability company, limited liability partnership, or other legal entity shall furnish proof that a transfer meets the requirements of this subdivision. A corporation

partnership limited liability company limited liability partnership or other legal entity that fails to comply with a request by the state tax commission under this subdivision is subject to the penalties set forth in section 27b

(m) A direct or indirect transfer of real property or other ownership interests resulting from a transaction that qualifies as a tax free reorganization under section 368 of the internal revenue code of 1986 26 U S C 368 Upon request by the state tax commission a property owner shall furnish proof that a transfer meets the requirements of this subdivision A property owner who fails to comply with a request by the state tax commission under this subdivision is subject to the penalties set forth in section 27b

(8) The register of deeds of the county where deeds or other title documents are recorded shall notify the assessing officer of the appropriate local taxing unit not less than once each month of any recorded transaction involving the ownership of property Unless notification is provided under subsection (6) or (7) the buyer grantee or other transferee of the property shall notify the appropriate assessing office in the local unit of government in which the property is located of the transfer of ownership of the property within 45 days of the transfer of ownership on a form prescribed by the state tax commission that states the parties to the transfer the date of the transfer the actual consideration for the transfer and the property s parcel identification number or legal description This subsection does not apply to personal property except buildings described in section 14(6) and personal property described in section 8(h) (i) and (j)

(9) As used in this section

(a) Additions means that term as defined in section 34d

(b) Beneficial use means the right to possession use and enjoyment of property limited only by encumbrances easements and restrictions of record

(c) Inflation rate means that term as defined in section 34d

(d) Losses means that term as defined in section 34d

Sec 27b (1) If the buyer grantor or transferee does not notify an assessing office as required by this act all of the following may be levied

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer

(b) Interest and penalty from the date the tax would have been originally levied

(c) A penalty of \$5 00 per day for each separate failure beginning after the 30 days have elapsed up to a maximum of \$200 00

(2) The treasurer shall determine any taxes interest and penalty due pursuant to this section and prepare and submit a corrected tax bill

(3) Any taxes interest and penalty collected pursuant to this section shall be distributed in the same manner as other delinquent taxes are distributed under this act

(4) The governing body of a local tax collecting unit may waive by resolution the penalty levied under subsection (1)(c)

Sec 30 (1) The board of review shall meet on the second Monday in March at 9 a m and continue in session during the day for not less than 6 hours The board shall also meet for not less than 6 hours during the remainder of that week Persons or their agents who have appeared to file a protest before the board of review at a scheduled meeting or at a scheduled appointment shall be afforded an opportunity to be heard by the board of review The board of review shall schedule a final meeting after the board makes a change in the assessed value or tentative taxable value of property or adds property to the assessment roll In a township having a population of 10 000 or more the board shall hold at least 3 hours of its required sessions for review of assessment rolls during the week of the second Monday in March after 6 p m

(2) A board of review shall meet a total of at least 12 hours during the week beginning the second Monday in March to hear protests At the request of a person whose property is assessed on the assessment roll or of his or her agent and on sufficient cause being shown the board shall correct the assessed value or tentative taxable value of the property in a manner as in their judgment will make the valuation of the property relatively just and proper under this act The board may examine on oath the person making the application or any other person concerning the matter A member of the board of review may administer the oath A nonresident taxpayer may file his or her appearance protest and papers in support of the protest by letter and his or her personal appearance is not required The board of review upon its own motion may change assessed values or tentative taxable values or add to the roll property omitted from the roll that is liable to assessment in the township if the person who is assessed upon the altered valuation or for the omitted property is promptly notified and granted an opportunity to file objections to the change in his or her assessed value or tentative taxable value or to the addition of his or her property to the assessment roll at the meeting or at a subsequent meeting An objection shall be promptly heard and determined Each person who makes

a request protest or application to the board of review for the correction of the assessed value or tentative taxable value of the person's property shall be notified in writing not later than the first Monday in June of the board of review's action on the request protest or application of the state equalized valuation or tentative taxable value of the property and of information regarding the right of further appeal to the tax tribunal. Information regarding the right of further appeal to the tax tribunal shall include but is not limited to a statement of the right to appeal to the tax tribunal the address of the tax tribunal and the final date for filing an appeal with the tax tribunal.

(3) After the board of review completes the review of the assessment roll a majority of the board shall indorse the roll and sign a statement to the effect that the roll is the assessment roll of the township for the year in which it has been prepared and approved by the board of review.

(4) The completed assessment roll shall be delivered by the township supervisor or by the assessor to the county equalization director not later than the tenth day after the adjournment of the board of review or the Wednesday following the first Monday in April whichever date occurs first.

(5) The governing body of the township or city may authorize by adoption of an ordinance or resolution a resident taxpayer to file his or her protest before the board of review by letter without a personal appearance by the taxpayer or his or her agent. If that ordinance or resolution is adopted the township or city shall include a statement notifying taxpayers of this option in each assessment notice under section 24c and on each notice or publication of the meeting of the board of review.

Sec 30c. If a taxpayer has the assessed value or taxable value reduced on his or her property as a result of a protest to the board of review under section 30 the assessor shall use that reduced amount as the basis for calculating the assessment in the immediately succeeding year. If a taxpayer appears before the tax tribunal during the same tax year for which the state equalized valuation assessed value or taxable value is appealed and has the state equalized valuation assessed value or taxable value of his or her property reduced pursuant to a final order of the tax tribunal the assessor shall use the reduced state equalized valuation assessed value or taxable value as the basis for calculating the assessment in the immediately succeeding year. This section applies to an assessment established for taxes levied after January 1 1994. This section does not apply to a change in assessment due to a protest regarding a claim of exemption.

Sec 34d. (1) As used in this section or section 27a or section 3 or 31 of article IX of the state constitution of 1963

(a) For taxes levied before 1995 additions means all increases in value caused by new construction or 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 immediately preceding year's assessment roll.

(b) For taxes levied after 1994 additions means except as provided in subdivision (c) all of the following:

(i) Omitted real property. As used in this subparagraph omitted real property means previously existing tangible real property not included in the assessment. Omitted real property shall not increase taxable value as an addition unless the assessing jurisdiction has a property record card or other documentation showing that the omitted real property was not previously included in the assessment. The assessing jurisdiction has the burden of proof in establishing whether the omitted real property is included in the assessment. Omitted real property for the current and the 2 immediately preceding years discovered after the assessment roll has been completed shall be added to the tax roll pursuant to the procedures established in section 154. For purposes of determining the taxable value of real property under section 27a the value of omitted real property is based on the value and the ratio of taxable value to true cash value the omitted real property would have had if the property had not been omitted.

(ii) Omitted personal property. As used in this subparagraph omitted personal property means previously existing tangible personal property not included in the assessment. Omitted personal property shall be added to the tax roll pursuant to section 154.

(iii) New construction. As used in this subparagraph new construction means property not in existence on the immediately preceding tax day and not replacement construction. New construction includes the physical addition of equipment or furnishings subject to the provisions set forth in section 27(2)(a) to (o). For purposes of determining the taxable value of property under section 27a the value of new construction is the true cash value of the new construction multiplied by 0.50.

(iv) Previously exempt property. As used in this subparagraph previously exempt property means property that was exempt from ad valorem taxation under this act on the immediately preceding tax day but is subject to ad valorem taxation on the current tax day under this act. For purposes of determining the taxable value of real property under section 27a

(A) The value of property previously exempt under section 7u is the taxable value the entire parcel of property would have had if that property had not been exempt minus the product of the entire parcel's taxable value in the immediately preceding year and the lesser of 1.05 or the inflation rate.

(B) The taxable value of property that is a new facility as that term is defined in section 2 of Act No 198 of the Public Acts of 1974 being section 207 552 of the Michigan Compiled Laws that was previously exempt under section 7k is the taxable value that property would have had under this act if it had not been exempt

(C) The value of property previously exempt under any other section of law is the true cash value of the previously exempt property multiplied by 0 50

(v) Replacement construction As used in this subparagraph replacement construction means construction that replaced property damaged or destroyed by accident or act of God and that occurred after the immediately preceding tax day to the extent the construction's true cash value does not exceed the true cash value of property that was damaged or destroyed by accident or act of God in the immediately preceding 3 years For purposes of determining the taxable value of property under section 27a the value of the replacement construction is the true cash value of the replacement construction multiplied by a fraction the numerator of which is the taxable value of the property to which the construction was added in the immediately preceding year and the denominator of which is the true cash value of the property to which the construction was added in the immediately preceding year

(vi) An increase in taxable value attributable to the complete or partial remediation of environmental contamination existing on the immediately preceding tax day The degree of remediation shall be determined by the department of natural resources The increase in taxable value attributable to the remediation is the increase in true cash value attributable to the remediation multiplied by a fraction the numerator of which is the taxable value of the property had it not been contaminated and the denominator of which is the true cash value of the property had it not been contaminated

(vii) An increase in the value attributable to the property's occupancy rate if either a loss as that term is defined in this section had been previously allowed because of a decrease in the property's occupancy rate or if the value of new construction was reduced because of a below market occupancy rate For purposes of determining the taxable value of property under section 27a the value of an addition for the increased occupancy rate is the product of the increase in the true cash value of the property attributable to the increased occupancy rate multiplied by a fraction the numerator of which is the taxable value of the property in the immediately preceding year and the denominator of which is the true cash value of the property in the immediately preceding year

(viii) Public services As used in this subparagraph public services means water service sewer service a primary access road natural gas service electrical service telephone service sidewalks or street lighting For purposes of determining the taxable value of real property under section 27a the value of public services is the amount of increase in true cash value of the property attributable to the available public services multiplied by 0 50 and shall be added in the calendar year following the calendar year when those public services are initially available

(c) For taxes levied after 1994 additions do not include increased value attributable to any of the following

(i) Platting splits or combinations of property

(ii) A change in the zoning of property

(iii) For the purposes of the calculation of the millage reduction fraction under subsection (7) only increased taxable value under section 27a(3) after a transfer of ownership of property

(d) Assessed valuation of property as finally equalized means taxable value under section 27a

(e) Financial officer means the officer responsible for preparing the budget of a unit of local government

(f) General price level means the annual average of the 12 monthly values for 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

(g) For taxes levied before 1995 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

(h) For taxes levied after 1994 losses means except as provided in subdivision (i) all of the following

(i) Property that has been destroyed or removed For purposes of determining the taxable value of property under section 27a the value of property destroyed or removed is the product of the true cash value of that property multiplied by a fraction the numerator of which is the taxable value of that property in the immediately preceding year and the denominator of which is the true cash value of that property in the immediately preceding year

(ii) Property that was subject to ad valorem taxation under this act in the immediately preceding year that is now exempt from ad valorem taxation under this act For purposes of determining the taxable value of property under section 27a the value of property exempted from ad valorem taxation under this act is the amount exempted

(iii) An adjustment in value if any because of a decrease in the property's occupancy rate to the extent provided by law For purposes of determining the taxable value of real property under section 27a the value of a loss for a decrease in the property's occupancy rate is the product of the decrease in the true cash value of the property attributable to the decreased occupancy rate multiplied by a fraction the numerator of which is the taxable value of the

property in the immediately preceding year and the denominator of which is the true cash value of the property in the immediately preceding year

(v) A decrease in taxable value attributable to environmental contamination existing on the immediately preceding tax day. The degree of contamination shall be determined by the department of natural resources. The decrease in taxable value attributable to the contamination is the decrease in true cash value attributable to the contamination multiplied by a fraction the numerator of which is the taxable value of the property had it not been contaminated and the denominator of which is the true cash value of the property had it not been contaminated

(i) For taxes levied after 1994 losses do not include decreased value attributable to either of the following

(i) Platting splits or combinations of property

(ii) A change in the zoning of property

(j) New construction and improvements means additions less losses

(k) Current year means the year for which the millage limitation is being calculated

(l) Inflation rate means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately 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 tentative taxable value as approved by the local board of review and as modified by county equalization for each classification of property that is separately equalized for each unit of local government and provide the tabulated tentative taxable values 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. If as a result of state equalization the taxable value of property changes the assessing officer of each township or city shall revise the calculations required by this subsection on or before the fourth Friday in May. The county equalization director shall compute these amounts and the current and immediately preceding year's taxable values 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 to 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 taxable values 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 taxable values 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 taxable values, the current year's taxable values, 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 immediately 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 and through December 31, 1994, the numerator of the fraction shall be the product of the difference between the total state equalized valuation for the immediately 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. For ad valorem property taxes that are levied after December 31, 1994,

the numerator of the fraction shall be the product of the difference between the total taxable value for the immediately preceding year minus losses multiplied by the inflation rate and the denominator of the fraction shall be the total taxable value for the current year minus additions. For each year after 1993 a millage reduction fraction shall not exceed 1.

(8) The compounded millage reduction fraction for each year after 1980 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. 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 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. 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 shall ask the voters to approve the levy of a specific number of mills in excess of the limit. 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. If the authorization to levy millage expires after 1993 and a local governmental unit is asking voters to renew the authorization to levy the millage, the ballot question shall ask for renewed authorization for the number of expiring mills as reduced by the millage reduction required by this section. If the election occurs before June 1 of a year, the millage reduction is based on the immediately preceding year's millage reduction applicable to that millage. If the election occurs after May 31 of a year, the millage reduction shall be based on that year's millage reduction applicable to that millage had it not expired.

(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 the taxable value 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.

(16) Beginning with taxes levied in 1994, the millage reduction required by section 31 of article IX of the state constitution of 1963 shall permanently reduce the maximum rate or rates authorized by law or charter. The reduced maximum authorized rate or rates for 1994 shall equal the product of the maximum rate or rates authorized by law or charter before application of this section multiplied by the compound millage reduction applicable to that millage in 1994 pursuant to subsections (8) to (12). The reduced maximum authorized rate or rates for 1995 and each year after 1995 shall equal the product of the immediately preceding year's reduced maximum authorized rate or rates multiplied by the current year's millage reduction fraction and shall be adjusted for millage for which authorization has expired and new authorized millage approved by the voters pursuant to subsections (8) to (12).

Sec. 34e. (1) Notwithstanding section 34d, the limitation under section 34d on millage authorized by voters after March 30, 1994, for local school district operating purposes shall be calculated beginning with the millage reduction fraction for 1995.

(2) In 1994, the millage reduction fraction shall be applied to the local school district's millage authorized by the voters before April 1, 1994. In 1995, the millage reduction fraction shall be applied to the local school district's millage authorized by voters before June 1, 1995. In both 1994 and 1995, the reduction fraction shall be calculated using the local school district's state equalized valuation without regard to the exemption provided under section 1211 of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1211 of the Michigan Compiled Laws, and the

state equalized valuation of property exempt under section 1211 of Act No 451 of the Public Acts of 1976 is not considered a loss

Sec 37 The county board of commissioners at its annual session in October in each year shall ascertain and determine the amount of money to be raised for county purposes and shall apportion the amount and also the amount of the state tax and indebtedness of the county to the state among the several townships in the county in proportion to the valuation of the taxable real and personal property as determined by the board or as determined by the state tax commission upon appeal in the manner provided by law for that year which determination and apportionment shall be entered at large on county records The board shall also examine all certificates statements papers and records submitted to it showing the money to be raised in the several townships for school highway drain township and other purposes It shall hear and duly consider all objections made to raising that money by any taxpayer affected If it appears to the board that any certificate statement paper or record is not properly certified or is in any way defective or that any proceeding to authorize the raising of the money has not been had or is in any way imperfect the board shall verify the same and if the certificate statement paper record or proceeding can then be corrected supplied or had the board shall authorize and require the defects or omissions of proceedings to be corrected supplied or had The board may refer any or all the certificates statements papers records and proceedings to the prosecuting attorney who shall investigate and without delay report in writing his or her opinion to the board The board shall direct that the money proposed to be raised for township school highway drain and all other purposes as authorized by law shall be spread upon the assessment roll of the proper townships wards and cities This action and direction shall be entered in full upon the records of the proceedings of the board and shall be final as to the levy and assessment of all the taxes except if there is a change made in the equalization of any county by the state tax commission upon appeal in the manner provided by law The direction for spread of taxes shall be expressed in terms of millages to be spread against the taxable values of properties and shall not direct the raising of any specific amount of money This section does not apply when section 36(2) applies

Sec 39a (1) If the determination of the county equalized value is delayed as a result of an appeal taken under this act and pending before the tax tribunal the assessing officer shall levy taxes upon the taxable value of property as determined by the state tax commission sitting as the state board of equalization and apportioned by the county board of commissioners The payment of taxes levied in this manner known as the tentative levy does not constitute a final and ultimate discharge of the taxpayer's obligation

(2) After the final determination of equalized value by the tax tribunal the assessing officer shall determine the difference in tax if any between the tentative levy and a levy made upon the taxable value as finally determined by the tax tribunal known as the final levy

(3) If the final determination shows that additional taxes are due the county board of commissioners shall spread the additional levy upon the next succeeding annual tax roll and collect them together with the next succeeding annual taxes upon the property

(4) If the tax liability is decreased as a result of the tax tribunal's final determination of taxable value the taxes collected under the tentative levy in excess of the tax liability under the final levy shall be credited against the taxes upon the property for the next succeeding year together with a proportionate share of any collection fee applicable to the difference

(5) Additional taxes collected or credits against tax liability made under this section shall inure to the benefit or detriment of the taxing units in the respective proportions in which they share the proceeds of the final levy

(6) The state tax commission shall provide technical assistance as necessary to implement this section

Sec 42a (1) Subject to this section a local tax collecting unit may use a computerized data base as the tax roll if the local unit obtains written authorization from the state tax commission and the state treasurer

(2) The state tax commission and the state treasurer shall authorize the use of a computerized data base as the tax roll if the local tax collecting unit demonstrates that the proposed system has the capacity to enable the local unit to comply and the local unit complies with all of the following requirements

(a) An original precollection tax roll shall be printed from the computerized data base and warranted by the assessor That printed precollection tax roll shall be maintained by the assessor until the expiration of the redemption period provided in section 74 following the May tax sale

(b) A separate computer printout of all parcel splits and combinations including sufficient information to document the accuracy of the splits or combinations shall be prepared and maintained by the assessor until the expiration of the redemption period provided in section 74 following the May tax sale

(c) A separate computer printout of all corrections and adjustments to the precollection tax roll authorized by action of the board of review state tax commission or tax tribunal including sufficient information to document the accuracy of all corrections and adjustments shall be prepared and maintained by the assessor until the expiration of the



redemption period provided in section 74 following the May tax sale or the resolution of all pending appeals whichever is later

(d) The local tax collecting treasurer and the assessor shall produce a final computer printed settlement tax roll to certify taxes collected to the county treasurer under section 55. The assessor shall certify that taxable values, state equalized valuations, adjusted valuations, and the spread of taxes and adjusted taxes are correctly recorded in the settlement tax roll. The local tax collecting treasurer shall certify delinquent taxes and certify that all tax collections are posted on the settlement tax roll. Those certifications and the settlement tax roll shall be transmitted to the county treasurer. The affidavit attached to the settlement tax roll shall include documentation that authorizes and reports all changes in the precollection tax roll.

(e) The treasurer of the local tax collecting unit shall prepare and maintain a journal of the collections totaled and reconciled to the amount of actual collections daily.

(f) A payment of the tax shall be posted to the computerized data base using a transaction or receipt number with the date of payment. A posting on the computerized data base is considered the entry of the fact and date of payment in an indelible manner on the tax roll as required by section 46(2).

(g) The computerized data base system has internal and external security procedures sufficient to assure the integrity of the system.

(h) The local tax collecting unit is capable of making available a posted computer printed tax roll.

(i) The computerized data base system is compatible with the system used by the county treasurer for the collection of delinquent taxes.

(3) Not later than May 1 of the third year following the year in which the local tax collecting unit begins using a computerized data base as the tax roll after approval under subsection (1) and every 3 years thereafter, the local tax collecting unit shall certify to the state tax commission and the department of treasury that the requirements of this section are being met.

(4) A local tax collecting unit that provides a computer terminal for public viewing of the tax roll is considered having the tax roll available for public inspection.

(5) If at any time the state treasurer or the state tax commission believes that the local tax collecting unit is no longer in compliance with subsection (2), the state treasurer or the state tax commission shall provide written notice to the local tax collecting unit. The notice shall specify the reasons that use of the computerized data base as the original tax roll is no longer in compliance with subsection (2). The local unit has not less than 60 days to provide evidence that the unit is in compliance with subsection (2) or that action to correct noncompliance has been implemented. If, after the expiration of 60 days, the state tax commission or the state treasurer believes that the local tax collecting unit is not taking satisfactory steps to correct a condition of noncompliance, the state tax commission, upon its own motion, may, and upon the request of the state treasurer, shall withdraw approval of the use of the computerized data base as the original tax roll. Proceedings of the commission under this subsection shall be in accordance with rules for other proceedings of the commission promulgated under the administrative procedures act of 1969, Act No. 306 of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws and shall not be considered a contested case.

Sec. 44. (1) Upon receipt of the tax roll, the township treasurer or other collector shall proceed to collect the taxes. The township treasurer or other collector shall mail to each taxpayer at the taxpayer's last known address on the tax roll or to the taxpayer's designated agent a statement showing the description of the property against which the tax is levied, the taxable value of the property, and the amount of the tax on the property. If a tax statement is mailed to the taxpayer, a tax statement sent to a taxpayer's designated agent may be in a summary form or may be in an electronic data processing format. If the tax statement information is provided to both a taxpayer and the taxpayer's designated agent, the tax statement mailed to the taxpayer may be identified as an informational copy. A township treasurer or other collector electing to send a tax statement to a taxpayer's designated agent or electing not to include an itemization in the manner described in subsection (9)(c) in a tax statement mailed to the taxpayer shall, upon request, mail a detailed copy of the tax statement, including an itemization of the amount of tax in the manner described by subsection (9)(c), to the taxpayer without charge, as previously required by this section.

(2) The expense of preparing and mailing the statement shall be paid from the county, township, city, or village funds. Failure to send or receive the notice does not prejudice the right to collect or enforce the payment of the tax. The township treasurer shall remain in the office of the township treasurer at some convenient place in the township on each Friday in the month of December, from 9 a.m. to 5 p.m., to receive taxes, but shall receive taxes upon a weekday when they are offered. However, if a Friday in the month of December is Christmas eve, Christmas day, New Year's eve, or a day designated by the township as a holiday for township employees, the township treasurer shall not be required to remain in the office of the township treasurer on that Friday, but shall remain in the office of the township treasurer at some convenient place in the township from 9 a.m. to 5 p.m. on the day most immediately preceding that Friday that is not Christmas eve, Christmas day, New Year's eve, or a day designated by the township as a holiday for township employees, to receive taxes.



(3) Except as provided by subsection (7) on a sum voluntarily paid before February 15 of the succeeding year the local property tax collecting unit shall add 1% for a property tax administration fee. However, unless otherwise provided for by an agreement between the assessing unit and the collecting unit, if a local property tax collecting unit other than a village does not also serve as the local assessing unit, the excess of the amount of property tax administration fees over the expense to the local property tax collecting unit in collecting the taxes, but not less than 80% of the fee imposed, shall be returned to the local assessing unit. A property tax administration fee is defined as a fee to offset costs incurred by a collecting unit in assessing property values, collecting the property tax levies, and in the review and appeal processes. The costs of any appeals in excess of funds available from the property tax administration fee may be shared by any taxing unit only if approved by the governing body of the taxing unit. Except as provided by subsection (7) on all taxes paid after February 14 and before March 1, the governing body of a city or township may authorize the treasurer to add to the tax a property tax administration fee to the extent imposed on taxes paid before February 15 and a late penalty charge equal to 3% of the tax. Interest from February 15 to the last day of February on a summer property tax that has been deferred under section 51 or any late penalty charge may be waived by the governing body of a city or township for the homestead property of a senior citizen, paraplegic, quadriplegic, hemiplegic, eligible serviceperson, eligible veteran, eligible widow or widower, totally and permanently disabled person, or blind person, as those persons are defined in chapter 9 of the income tax act of 1967, Act No. 281 of the Public Acts of 1967, as amended, being sections 206 501 to 206 532 of the Michigan Compiled Laws, if the person makes a claim before February 15 for a credit for that property provided by chapter 9 of Act No. 281 of the Public Acts of 1967, as amended, if the person presents a copy of the form filed for that credit to the local treasurer, and if the person has not received the credit before February 15. Interest from February 15 to the last day of February on a summer property tax deferred under section 51 or any late penalty charge may be waived by the governing body of a city or township for a person's property that is subject to a farmland development rights agreement recorded with the register of deeds of the county in which the property is situated as provided in section 5 of the farmland and open space preservation act, Act No. 116 of the Public Acts of 1974, being section 554 705 of the Michigan Compiled Laws, if the person presents a copy of the development rights agreement or verification that the property is subject to a development rights agreement before February 15. A 4% county property tax administration fee, a property tax administration fee to the extent imposed on and if authorized under subsection (7) for taxes paid before March 1, and interest on the tax at the rate of 1% per month shall be added to taxes collected by the township or city treasurer after the last day of February and before settlement with the county treasurer, and the payment shall be treated as though collected by the county treasurer. If the statements required to be mailed by this section are not mailed before December 31, the treasurer shall not impose a late penalty charge with respect to taxes collected after February 14.

(4) The governing body of a local property tax collecting unit may waive all or part of the property tax administration fee or the late penalty charge, or both. A property tax administration fee collected by the township treasurer shall be used only for the purposes for which it may be collected as specified by subsection (3) and this subsection. If the bond of the treasurer, as provided in section 43, is furnished by a surety company, the cost of the bond may be paid by the township from the property tax administration fee.

(5) If apprehensive of the loss of personal tax assessed upon the roll, the township treasurer may enforce collection of the tax at any time, and if compelled to seize property or bring an action in December, may add, if authorized under subsection (7), 1% for a property tax administration fee and 3% for a late penalty charge.

(6) Along with taxes returned delinquent to a county treasurer under section 55, the amount of the 1% property tax administration fee prescribed by subsection (3) that is imposed and not paid shall be included in the return of delinquent taxes, and when delinquent taxes are distributed by the county treasurer under this act, the delinquent 1% property tax administration fee shall be distributed to the treasurer of the local unit who transmitted the statement of taxes returned as delinquent. Interest imposed upon delinquent property taxes under this act shall also be imposed upon the 1% property tax administration fee, and for purposes of this act other than to which local unit the county treasurer shall distribute a delinquent 1% property tax administration fee, any reference to delinquent taxes shall be considered to include the 1% property tax administration fee returned as delinquent for the same property.

(7) The local property tax collecting treasurer shall not impose a property tax administration fee, collection fee, or any type of late penalty charge authorized by law or charter unless the governing body of the local property tax collecting unit approves, by resolution or ordinance adopted after December 31, 1982, an authorization for the imposition of a property tax administration fee, collection fee, or any type of late penalty charge provided for by this section or by charter, which authorization shall be valid for all levies that become a lien after the resolution or ordinance is adopted. However, unless otherwise provided for by an agreement between the assessing unit and the collecting unit, a local property tax collecting unit that does not also serve as the assessing unit shall impose a property tax administration fee on each parcel at a rate equal to the rate of the fee imposed for city or township taxes on that parcel.

(8) The annual statement required by Act No. 125 of the Public Acts of 1966, being sections 565 161 to 565 164 of the Michigan Compiled Laws, or a monthly billing form or mortgagor passbook provided instead of that annual statement shall include a statement to the effect that a taxpayer who has not been mailed the tax statement or a copy of the tax statement by the township treasurer or other collector shall receive, upon request and without charge, a copy of the tax statement from the township treasurer or other collector, or, if the tax statement has been mailed to the taxpayer's

designated agent from either the taxpayer's designated agent or the township treasurer or other collector. A designated agent who is subject to Act No. 125 of the Public Acts of 1966 and who has been mailed the tax statement for taxes that became a lien in the calendar year immediately preceding the year in which the annual statement may be required to be furnished shall mail upon the request of and without charge to a taxpayer who has not been mailed that tax statement or a copy of that tax statement a copy of that tax statement to that taxpayer.

(9) As used in this section

(a) Designated agent means an individual partnership association corporation receiver estate trust or other legal entity that has entered into an escrow account agreement or other agreement with the taxpayer that obligates that individual or legal entity to pay the property taxes for the taxpayer or if an agreement has not been entered into that has been designated by the taxpayer on a form made available to the taxpayer by the township treasurer and filed with that treasurer. The designation by the taxpayer shall remain in effect until revoked by the taxpayer in a writing filed with the township treasurer. The form made available by the township treasurer shall include a statement that submission of the form allows the treasurer to mail the tax statement to the designated agent instead of to the taxpayer and a statement notifying the taxpayer of his or her right to revoke the designation by a writing filed with the township treasurer.

(b) Taxpayer means the owner of the property upon which the tax is imposed.

(c) When describing in subsection (1) that the amount of tax on the property must be shown in the tax statement amount of tax means an itemization by dollar amount of each of the several ad valorem property taxes and special assessments that a person may pay under section 53 and an itemization by millage rate on either the tax statement or a separate form accompanying the tax statement of each of the several ad valorem property taxes that a person may pay under section 53. The township treasurer or other collector may replace the itemization described in this subdivision with a statement informing the taxpayer that the itemization of the dollar amount and millage rate of the taxes is available without charge from the local property tax collecting unit.

This act is ordered to take immediate effect.

Co Clerk of the House of Representatives

Secretary of the Senate

Approved

Governor