



# HOUSE BILL No. 5676

June 22, 1994, Introduced by Rep Jaye and referred to the Committee on Taxation

A bill to amend section 34d of Act No 206 of the Public Acts of 1893, entitled as amended

The general property tax act  
as amended by Act No 145 of the Public Acts of 1993 being section 211 34d of the Michigan Compiled Laws

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 34d of Act No 206 of the Public Acts of  
2 1893, as amended by Act No 145 of the Public Acts of 1993 being  
3 section 211 34d of the Michigan Compiled Laws is amended to read  
4 as follows

5 Sec 34d (1) As used in this section or section 31 of  
6 article IX of the state constitution of 1963 or both

7 (a) Additions means all increases in value caused by new  
8 construction or a physical addition of equipment or furnishings  
9 and the value of property that was exempt from taxes or not

1 included on the assessment unit s immediately preceding year s  
2 assessment roll

3 (b) Financial officer means the officer responsible for  
4 preparing the budget of a unit of local government

5 (c) General price level' means the annual average of the  
6 United States consumer price index for all urban consumers as  
7 defined and officially reported by the United States department  
8 of labor, bureau of labor statistics

9 (d) 'Losses means a decrease in value caused by the removal  
10 or destruction of real or personal property and the value of  
11 property taxed in the immediately preceding year that has been  
12 exempted or removed from the assessment unit s assessment roll

13 (e) New construction and improvements means additions less  
14 losses

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

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

21 (2) On or before the first Monday in May of each year the  
22 assessing officer of each township or city shall tabulate the  
23 assessed valuation as approved by the local board of review for  
24 each classification of REAL property that is separately equalized  
25 for each unit of local government and provide the tabulated  
26 assessed valuations to the county equalization director The  
27 tabulation by the assessing officer shall contain additions and

1 losses for each classification of REAL property that is  
2 separately equalized for each unit of local government or part of  
3 a unit of local government in the township or city The county  
4 equalization director shall compute these amounts and the current  
5 and immediately preceding year s state equalized valuation for  
6 each classification of REAL property that is separately equalized  
7 for each unit of local government that levies taxes under this  
8 act within the boundary of the county The county equalization  
9 director shall cooperate with equalization directors of neighbor-  
10 ing counties, as necessary to make the computation for units of  
11 local government located in more than 1 county The county  
12 equalization director shall calculate the millage reduction frac-  
13 tion for each unit of local government in the county for the cur-  
14 rent year The financial officer for each taxing jurisdiction  
15 shall calculate the compounded millage reduction fractions begin-  
16 ning in 1980 resulting from the multiplication of successive  
17 millage reduction fractions and shall recognize a local voter  
18 action to increase the compounded millage reduction fraction to a  
19 maximum of 1 as a new beginning fraction Upon request of the  
20 superintendent of the intermediate school district the county  
21 equalization director shall transmit the complete computations of  
22 the assessed valuations to the superintendent of the intermediate  
23 school district within that county At the request of the presi-  
24 dents of community colleges the county equalization director  
25 shall transmit the complete computations of the assessed valua-  
26 tion to the presidents of community colleges within the county

1       (3) On or before the first Monday in June of each year the  
2 county equalization director shall deliver the statement of the  
3 computations signed by the county equalization director to the  
4 county treasurer

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

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

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

1       (7) A millage reduction fraction shall be determined for  
 2 each year for each local unit of government For ad valorem  
 3 property taxes that became a lien before January 1 1983 the  
 4 numerator of the fraction shall be the total state equalized val-  
 5 uation OF REAL PROPERTY for the immediately preceding year multi-  
 6 plied by the inflation rate and the denominator of the fraction  
 7 shall be the total state equalized valuation OF REAL PROPERTY for  
 8 the current year minus new construction and improvements For ad  
 9 valorem property taxes that become a lien after December 31  
 10 1982, the numerator of the fraction shall be the product of the  
 11 difference between the total state equalized valuation OF REAL  
 12 PROPERTY for the immediately preceding year minus losses multi-  
 13 plied by the inflation rate and the denominator of the fraction  
 14 shall be the total state equalized valuation OF REAL PROPERTY for  
 15 the current year minus additions For each year after 1993 a  
 16 millage reduction fraction shall not exceed 1

17       (8) The compounded millage reduction fraction for each year  
 18 after 1980 shall be calculated by multiplying the local unit s  
 19 previous year s compounded millage reduction fraction by the cur-  
 20 rent year s millage reduction fraction Beginning with 1980 tax  
 21 levies, the compounded millage reduction fraction for the year  
 22 shall be multiplied by the maximum millage rate authorized by law  
 23 or charter for the unit of local government for the year, except  
 24 as provided by subsection (9) A compounded millage reduction  
 25 fraction shall not exceed 1

26       (9) The millage reduction shall be determined separately for  
 27 authorized millage approved by the voters The limitation on

1 millage authorized by the voters on or before May 31 of a year  
2 shall be calculated beginning with the millage reduction fraction  
3 for that year. Millage authorized by the voters after May 31  
4 shall not be subject to a millage reduction until the year fol-  
5 lowing the voter authorization, which shall be calculated begin-  
6 ning with the millage reduction fraction for the year following  
7 the authorization. The first millage reduction fraction used in  
8 calculating the limitation on millage approved by the voters  
9 after January 1, 1979 shall not exceed 1

10 (10) A millage reduction fraction shall be applied sepa-  
11 rately to the aggregate maximum millage rate authorized by a  
12 charter and to each maximum millage rate authorized by state law  
13 for a specific purpose

14 (11) A unit of local government may submit to the voters for  
15 their approval the levy in that year of a tax rate in excess of  
16 the limit set by this section. The ballot question shall ask the  
17 voters to approve the levy of a specific number of mills in  
18 excess of the limit. The provisions of this section do not allow  
19 the levy of a millage rate in excess of the maximum rate autho-  
20 rized by law or charter. If the authorization to levy millage  
21 expires after 1993 and a local governmental unit is asking voters  
22 to renew the authorization to levy the millage, the ballot ques-  
23 tion shall ask for renewed authorization for the number of expir-  
24 ing mills as reduced by the millage reduction required by this  
25 section. If the election occurs before June 1 of a year the  
26 millage reduction is based on the immediately preceding year's  
27 millage reduction applicable to that millage. If the election

1 occurs after May 31 of a year the millage reduction shall be  
2 based on that year s millage reduction applicable to that millage  
3 had it not expired

4 (12) A reduction or limitation under this section shall not  
5 be applied to taxes imposed for the payment of principal and  
6 interest on bonds or other evidence of indebtedness or for the  
7 payment of assessments or contract obligations in anticipation of  
8 which bonds are issued that were authorized before December 23,  
9 1978 as provided by former section 4 of chapter I of the municipi-  
10 pal finance act, Act No 202 of the Public Acts of 1943, or to  
11 taxes imposed for the payment of principal and interest on bonds  
12 or other evidence of indebtedness or for the payment of assess-  
13 ments or contract obligations in anticipation of which bonds are  
14 issued that are approved by the voters after December 22 1978

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

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

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

6       (16) Beginning with taxes levied in 1994 the millage reduc-  
7 tion required by section 31 of article IX of the state constitu-  
8 tion of 1963 shall permanently reduce the maximum rate or rates  
9 authorized by law or charter The reduced maximum authorized  
10 rate or rates for 1994 shall equal the product of the maximum  
11 rate or rates authorized by law or charter before application of  
12 this section multiplied by the compound millage reduction appli-  
13 cable to that millage in 1994 pursuant to subsections (8) to

14 (12) The reduced maximum authorized rate or rates for 1995 and  
15 each year after 1995 shall equal the product of the immediately  
16 preceding year s reduced maximum authorized rate or rates multi-  
17 plied by the current year s millage reduction fraction and shall  
18 be adjusted for millage for which authorization has expired and  
19 new authorized millage approved by the voters pursuant to subsec-  
20 tions (8) to (12)