



HOUSE BILL No. 5831

September 21 1994, Introduced by Reps Bobier and Martin and referred to the Committee on Taxation

A bill to amend section 27 of Act No 206 of the Public Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No 283 of the Public Acts of 1989, being section 211 27 of the Michigan Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 27 of Act No 206 of the Public Acts of
2 1893, as amended by Act No 283 of the Public Acts of 1989, being
3 section 211 27 of the Michigan Compiled Laws, is amended to read
4 as follows

5 Sec 27 (1) As used in this act, "cash value" means the
6 usual selling price at the place where the property ~~to which the~~
7 ~~term is applied~~ is at the time of assessment, being the price
8 that could be obtained for the property at private sale, and not
9 at auction sale except as otherwise provided in this section —

1 or at forced sale The usual selling price may include sales at
2 public auction held by a nongovernmental agency or person when
3 those sales have become a common method of acquisition in the
4 jurisdiction for the class of property being valued The usual
5 selling price does not include sales at public auction where the
6 sale is part of a liquidation of the seller's assets in a bank-
7 ruptcy proceeding or where the seller is unable to use common
8 marketing techniques to obtain the usual selling price for the
9 property A sale or other disposition by the state or an agency
10 or political subdivision of the state of land acquired for delin-
11 quent taxes or an appraisal made in connection with the sale or
12 other disposition or the value attributed to the property of reg-
13 ulated public utilities by a governmental regulatory agency for
14 rate-making purposes shall not be considered controlling evidence
15 of true cash value for assessment purposes In determining the
16 value, the assessor shall also consider the advantages and disad-
17 vantages of location quality of soil zoning existing use
18 present economic income of structures, including farm structures
19 present economic income of land if the land is being farmed or
20 otherwise put to income producing use quantity and value of
21 standing timber water power and privileges and mines, minerals,
22 quarries, or other valuable deposits known to be available in the
23 land and their value

24 (2) The assessor, beginning December 31, 1976, shall not
25 consider the increase in true cash value that is a result of
26 expenditures for normal repairs, replacement, and maintenance
27 made or completed after December 30, 1976 in determining the true

1 cash value of property for assessment purposes until the property
2 is sold For the purpose of implementing this subsection, the
3 assessor shall not increase the construction quality classifica-
4 tion or reduce the effective age for depreciation purposes,
5 except if the appraisal of the property was erroneous before non-
6 consideration of the normal repair, replacement, or maintenance,
7 and shall not assign an economic condition factor to the property
8 that differs from the economic condition factor assigned to simi-
9 lar properties as defined by appraisal procedures applied in the
10 jurisdiction The increase in value attributable to the items
11 included in subdivisions (a) to (o) that is known to the assessor
12 and excluded from true cash value shall be indicated on the
13 assessment roll This subsection shall apply only to residential
14 property The following repairs shall be considered normal main-
15 tenance if they are not part of a structural addition or
16 completion

17 (a) Outside painting

18 (b) Repairing or replacing siding, roof porches steps,
19 sidewalks, and drives

20 (c) Repainting, repairing, or replacing existing masonry

21 (d) Replacement of awnings

22 (e) Adding or replacing gutters and downspouts

23 (f) Replacing storm windows or doors

24 (g) Insulation or weatherstripping

25 (h) Complete rewiring

26 (i) Replacing plumbing and light fixtures

1 (j) New furnace replacing a furnace of the same type or
2 replacing oil or gas burner

3 (k) Plaster repairs, inside painting, or other
4 redecorating

5 (l) New ceiling, wall, or floor surfacing

6 (m) Removing partitions to enlarge rooms

7 (n) Replacing automatic hot water heater

8 (o) Replacing dated interior woodwork

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

20 (a) Amounts paid for obtaining financing of the purchase
21 price of the property or the last conveyance of the property

22 (b) Amounts attributable to personal property ~~which~~ THAT
23 were included in the purchase price of the property in the last
24 conveyance of the property

25 (c) Amounts paid for surveying the property pursuant to the
26 last conveyance of the property The legislature may require
27 local units of government, including school districts, to submit

1 reports of revenue lost under subdivisions (a) and (b) and this
2 subdivision so that the state may reimburse those units for that
3 lost revenue

4 (d) The purchaser of real property, including a purchaser by
5 land contract, ~~may~~ SHALL file with the assessor of the city or
6 township in which the property is located 2 copies of the pur-
7 chase agreement or of an affidavit ~~which shall identify~~ THAT
8 IDENTIFIES the PURCHASE PRICE AND THE amount, if any, for each
9 item listed in subdivisions (a) to (c) One copy shall be for-
10 warded by the assessor to the county equalization department
11 The affidavit shall be prescribed by the state tax commission

12 (4) As used in subsection (1), "present economic income"
13 means in the case of leased or rented property the ordinary, gen-
14 eral, and usual economic return realized from the lease or rental
15 of property negotiated under current, contemporary conditions
16 between parties equally knowledgeable and familiar with real
17 estate values The actual income generated by the lease or
18 rental of property shall not be the controlling indicator of its
19 cash value in all cases This subsection shall not apply to
20 property when subject to a lease entered into prior to
21 January 1, 1984 for which the terms of the lease governing the
22 rental rate or tax liability have not been renegotiated after
23 December 31, 1983 This subsection shall not apply to a non-
24 profit housing cooperative when subject to regulatory agreements
25 between the state or federal government entered into prior to
26 January 1, 1984 As used in this subsection, "nonprofit
27 cooperative housing corporation" means a nonprofit cooperative

1 housing corporation ~~which~~ THAT is engaged in providing housing
2 services to its stockholders and members and ~~which~~ THAT does
3 not pay dividends or interest upon stock or membership investment
4 but ~~which does distribute~~ DISTRIBUTES all earnings to its
5 stockholders or members