



HOUSE BILL No. 5911

November 10 1994 Introduced by Reprs Horton Kukuk Dalman, McManus Jersevic, Gernaat Goschka, Anthony, Lowe, Cropsey, Middleton, Stille, Rhead, Llewellyn, Gnodtke, Hill and McBryde 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, or

1 at forced sale The usual selling price may include sales at
2 public auction held by a nongovernmental agency or person ~~when~~
3 IF 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~~ IF
6 the sale is part of a liquidation of the seller's assets in a
7 bankruptcy proceeding or ~~where~~ IF the seller is unable to use
8 common marketing techniques to obtain the usual selling price for
9 the property A sale or other disposition by the state or an
10 agency or political subdivision of the state of land acquired for
11 delinquent taxes or an appraisal made in connection with the sale
12 or other disposition or the value attributed to the property of
13 regulated public utilities by a governmental regulatory agency
14 for rate-making purposes ~~shall~~ IS not ~~be considered~~ control-
15 ling evidence of true cash value for assessment purposes In
16 determining the value, the assessor shall also consider the
17 advantages and disadvantages of location quality of soil
18 zoning existing use present economic income of structures,
19 including farm structures present economic income of land if the
20 land is being farmed or otherwise put to income producing use
21 quantity and value of standing timber water power and privi-
22 leges and mines, minerals, quarries, or other valuable deposits
23 known to be available in the 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~~ APPLIES only to
14 residential property The following repairs ~~shall be~~ ARE con-
15 sidered normal maintenance if they are not part of a structural
16 addition or completion

17 (a) Outside painting

18 (b) Repairing or replacing siding, roof porches steps,
19 sidewalks ~~and~~ OR 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 (r) 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 file with the assessor of the city or township
6 in which the property is located 2 copies of the purchase agree-
7 ment or of an affidavit ~~which shall identify~~ IDENTIFYING the
8 amount, if any, for each item listed in subdivisions (a) to (c)
9 One copy shall be forwarded by the assessor to the county equali-
10 zation department The affidavit shall be prescribed by the
11 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~~ IS not ~~be~~ the controlling indicator
19 of its cash value in all cases This subsection ~~shall~~ DOES not
20 apply to property ~~when~~ THAT IS subject to a lease entered into
21 ~~prior to~~ BEFORE January 1 1984 for which the terms of the
22 lease governing the rental rate or tax liability have not been
23 renegotiated after December 31, 1983 This subsection ~~shall~~
24 DOES not apply to a nonprofit housing cooperative ~~when~~ THAT IS
25 subject to regulatory agreements between the state or federal
26 government entered into ~~prior to~~ BEFORE January 1, 1984 As
27 used in this subsection, 'nonprofit cooperative housing

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

6 (5) IN DETERMINING THE ASSESSMENT OF PROPERTY CLASSIFIED AS
7 AGRICULTURAL REAL PROPERTY OR IN MAKING SALES RATIO STUDIES FOR
8 ASSESSING OR EQUALIZING ASSESSMENTS, A CITY OR TOWNSHIP ASSESSOR,
9 A COUNTY EQUALIZATION DEPARTMENT, OR THE STATE TAX COMMISSION
10 SHALL NOT CONSIDER REAL ESTATE SALES DATA FROM ANY SALE OF PROP-
11 ERTY TO A PERSON WHO DOES NOT ENGAGE IN AGRICULTURAL OPERATIONS,
12 AS DEFINED IN SECTION 34C, ON THE PROPERTY AFTER THE SALE