

HOUSE BILL No. 4461

March 13, 2001, Introduced by Reps. DeWeese, Schauer, Julian, Spade, Gilbert, Hart, Vear, Kooiman, Richardville, Hager, George, Woodward, Clark, Whitmer, Bernero, Murphy, Lipsey, Garcia, Meyer, Stewart, Bradstreet, Vander Veen, Voorhees, Tabor, Bishop, Pappageorge, Birkholz and Allen and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 27a and 34d (MCL 211.27a and 211.34d), section 27a as amended by 2000 PA 260 and section 34d as amended by 1996 PA 476.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

7 (a) The property's taxable value in the immediately
8 preceding year minus any losses, multiplied by the lesser of 1.05
9 or the inflation rate, plus all additions. For taxes levied in

1 1995, the property's taxable value in the immediately preceding
2 year is the property's state equalized valuation in 1994.

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

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

8 (4) If the taxable value of property is adjusted under sub-
9 section (3), a subsequent increase in the property's taxable
10 value is subject to the limitation set forth in subsection (2)
11 until a subsequent transfer of ownership occurs.

12 (5) Assessment of property, as required in this section and
13 section 27, is inapplicable to the assessment of property subject
14 to the levy of ad valorem taxes within voted tax limitation
15 increases to pay principal and interest on limited tax bonds
16 issued by any governmental unit, including a county, township,
17 community college district, or school district, before January 1,
18 1964, if the assessment required to be made under this act would
19 be less than the assessment as state equalized prevailing on the
20 property at the time of the issuance of the bonds. This inappli-
21 cability shall continue until levy of taxes to pay principal and
22 interest on the bonds is no longer required. The assessment of
23 property required by this act shall be applicable for all other
24 purposes.

25 (6) As used in this act, "transfer of ownership" means the
26 conveyance of title to or a present interest in property,
27 including the beneficial use of the property, the value of which

1 is substantially equal to the value of the fee interest.

2 Transfer of ownership of property includes, but is not limited
3 to, the following:

4 (a) A conveyance by deed.

5 (b) A conveyance by land contract. The taxable value of
6 property conveyed by a land contract executed after December 31,
7 1994 shall be adjusted under subsection (3) for the calendar year
8 following the year in which the contract is entered into and
9 shall not be subsequently adjusted under subsection (3) when the
10 deed conveying title to the property is recorded in the office of
11 the register of deeds in the county in which the property is
12 located.

13 (c) A conveyance to a trust after December 31, 1994, except
14 if the settlor or the settlor's spouse, or both, conveys the
15 property to the trust and the sole present beneficiary or benefi-
16 ciaries are the settlor or the settlor's spouse, or both.

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

20 (e) A change in the sole present beneficiary or beneficia-
21 ries of a trust, except a change that adds or substitutes the
22 spouse of the sole present beneficiary.

23 (f) A conveyance by distribution under a will or by intes-
24 tate succession, except if the distributee is the decedent's
25 spouse.

26 (g) A conveyance by lease if the total duration of the
27 lease, including the initial term and all options for renewal, is

1 more than 35 years or the lease grants the lessee a bargain
2 purchase option. As used in this subdivision, "bargain purchase
3 option" means the right to purchase the property at the termina-
4 tion of the lease for not more than 80% of the property's
5 projected true cash value at the termination of the lease. After
6 December 31, 1994, the taxable value of property conveyed by a
7 lease with a total duration of more than 35 years or with a bar-
8 gain purchase option shall be adjusted under subsection (3) for
9 the calendar year following the year in which the lease is
10 entered into. This subdivision does not apply to personal prop-
11 erty except buildings described in section 14(6) and personal
12 property described in section 8(h), (i), and (j). This subdivi-
13 sion does not apply to that portion of the property not subject
14 to the leasehold interest conveyed.

15 (h) A conveyance of an ownership interest in a corporation,
16 partnership, sole proprietorship, limited liability company,
17 limited liability partnership, or other legal entity if the
18 ownership interest conveyed is more than 50% of the corporation,
19 partnership, sole proprietorship, limited liability company,
20 limited liability partnership, or other legal entity. Unless
21 notification is provided under subsection (10), the corporation,
22 partnership, sole proprietorship, limited liability company,
23 limited liability partnership, or other legal entity shall notify
24 the assessing officer on a form provided by the state tax commis-
25 sion not more than 45 days after a conveyance of an ownership
26 interest that constitutes a transfer of ownership under this
27 subdivision.

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

4 (j) A conveyance of an ownership interest in a cooperative
5 housing corporation, except that portion of the property not
6 subject to the ownership interest conveyed.

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

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

10 (b) A transfer from a husband, a wife, or a husband and wife
11 creating or disjoining a tenancy by the entireties in the grant-
12 ors or the grantor and his or her spouse.

13 (c) A transfer of that portion of property subject to a life
14 estate or life lease retained by the transferor, until expiration
15 or termination of the life estate or life lease. That portion of
16 property transferred that is not subject to a life lease shall be
17 adjusted under subsection (3).

18 (d) A transfer through foreclosure or forfeiture of a
19 recorded instrument under chapter 31, 32, or 57 of the revised
20 judicature act of 1961, 1961 PA 236, MCL 600.3101 to 600.3280 and
21 MCL 600.5701 to 600.5785, or through deed or conveyance in lieu
22 of a foreclosure or forfeiture, until the mortgagee or land con-
23 tract vendor subsequently transfers the property. If a mortgagee
24 does not transfer the property within 1 year of the expiration of
25 any applicable redemption period, the property shall be adjusted
26 under subsection (3).

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

3 (f) A conveyance to a trust if the settlor or the settlor's
4 spouse, or both, conveys the property to the trust and the sole
5 present beneficiary of the trust is the settlor or the settlor's
6 spouse, or both.

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

11 (h) A transfer creating or terminating a joint tenancy
12 between 2 or more persons if at least 1 of the persons was an
13 original owner of the property before the joint tenancy was ini-
14 tially created and, if the property is held as a joint tenancy at
15 the time of conveyance, at least 1 of the persons was a joint
16 tenant when the joint tenancy was initially created and that
17 person has remained a joint tenant since the joint tenancy was
18 initially created. A joint owner at the time of the last trans-
19 fer of ownership of the property is an original owner of the
20 property. For purposes of this subdivision, a person is an orig-
21 inal owner of property owned by that person's spouse.

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

24 (j) A transfer of real property or other ownership interests
25 among members of an affiliated group. As used in this subsec-
26 tion, "affiliated group" means 1 or more corporations connected
27 by stock ownership to a common parent corporation. Upon request

1 by the state tax commission, a corporation shall furnish proof
2 within 45 days that a transfer meets the requirements of this
3 subdivision. A corporation that fails to comply with a request
4 by the state tax commission under this subdivision is subject to
5 a fine of \$200.00.

6 (k) Normal public trading of shares of stock or other owner-
7 ship interests that, over any period of time, cumulatively repre-
8 sent more than 50% of the total ownership interest in a corpora-
9 tion or other legal entity and are traded in multiple transac-
10 tions involving unrelated individuals, institutions, or other
11 legal entities.

12 (l) A transfer of real property or other ownership interests
13 among corporations, partnerships, limited liability companies,
14 limited liability partnerships, or other legal entities if the
15 entities involved are commonly controlled. Upon request by the
16 state tax commission, a corporation, partnership, limited liabil-
17 ity company, limited liability partnership, or other legal entity
18 shall furnish proof within 45 days that a transfer meets the
19 requirements of this subdivision. A corporation, partnership,
20 limited liability company, limited liability partnership, or
21 other legal entity that fails to comply with a request by the
22 state tax commission under this subdivision is subject to a fine
23 of \$200.00.

24 (m) A direct or indirect transfer of real property or other
25 ownership interests resulting from a transaction that qualifies
26 as a tax-free reorganization under section 368 of the internal
27 revenue code of 1986. Upon request by the state tax commission,

1 a property owner shall furnish proof within 45 days that a
2 transfer meets the requirements of this subdivision. A property
3 owner who fails to comply with a request by the state tax commis-
4 sion under this subdivision is subject to a fine of \$200.00.

5 (n) A transfer of qualified agricultural property, if the
6 person to whom the qualified agricultural property is transferred
7 files an affidavit with the assessor of the local tax collecting
8 unit in which the qualified agricultural property is located and
9 with the register of deeds for the county in which the qualified
10 agricultural property is located attesting that the qualified
11 agricultural property shall remain qualified agricultural
12 property. The affidavit under this subdivision shall be in a
13 form prescribed by the department of treasury. An owner of qual-
14 ified agricultural property shall inform a prospective buyer of
15 that qualified agricultural property that the qualified agricul-
16 tural property is subject to the recapture tax provided in the
17 agricultural property recapture act, 2000 PA 261, MCL 211.1001 TO
18 211.1007, if the qualified agricultural property is converted by
19 a change in use. If property ceases to be qualified agricultural
20 property at any time after being transferred, all of the follow-
21 ing shall occur:

22 (i) The taxable value of that property shall be adjusted
23 under subsection (3) as of the December 31 in the year that the
24 property ceases to be qualified agricultural property.

25 (ii) The property is subject to the recapture tax provided
26 for under the agricultural property recapture act, 2000 PA 261,
27 MCL 211.1001 TO 211.1007.

1 (O) A TRANSFER OF REAL PROPERTY CLASSIFIED AS RESIDENTIAL
2 REAL PROPERTY UNDER SECTION 34C TO A CHARITABLE HOUSING
3 ORGANIZATION.

4 (P) A TRANSFER OF REAL PROPERTY CLASSIFIED AS RESIDENTIAL
5 REAL PROPERTY UNDER SECTION 34C FROM A CHARITABLE HOUSING ORGANI-
6 ZATION TO A LOW INCOME PERSON.

7 (Q) A TRANSFER OF REAL PROPERTY CLASSIFIED AS RESIDENTIAL
8 REAL PROPERTY UNDER SECTION 34C FROM A LOW INCOME PERSON WHO
9 RECEIVED THAT REAL PROPERTY IN A CONVEYANCE FROM A CHARITABLE
10 HOUSING ORGANIZATION TO ANOTHER LOW INCOME PERSON.

11 (8) If all of the following conditions are satisfied, the
12 local tax collecting unit shall revise the taxable value of qual-
13 ified agricultural property taxable on the tax roll in the pos-
14 session of that local tax collecting unit to the taxable value
15 that qualified agricultural property would have had if there had
16 been no transfer of ownership of that qualified agricultural
17 property since December 31, 1999 and there had been no adjustment
18 of that qualified agricultural property's taxable value under
19 subsection (3) since December 31, 1999:

20 (a) The qualified agricultural property was qualified agri-
21 cultural property for taxes levied in 1999 and each year after
22 1999.

23 (b) The owner of the qualified agricultural property files
24 an affidavit with the assessor of the local tax collecting unit
25 under subsection (7)(n).

26 (9) If the taxable value of qualified agricultural property
27 is adjusted under subsection (8), the owner of that qualified

1 agricultural property shall not be entitled to a refund for any
2 property taxes collected under this act on that qualified agri-
3 cultural property before the adjustment under subsection (8).

4 (10) The register of deeds of the county where deeds or
5 other title documents are recorded shall notify the assessing
6 officer of the appropriate local taxing unit not less than once
7 each month of any recorded transaction involving the ownership of
8 property and shall make any recorded deeds or other title docu-
9 ments available to that county's tax or equalization department.
10 Unless notification is provided under subsection (6), the buyer,
11 grantee, or other transferee of the property shall notify the
12 appropriate assessing office in the local unit of government in
13 which the property is located of the transfer of ownership of the
14 property within 45 days of the transfer of ownership, on a form
15 prescribed by the state tax commission that states the parties to
16 the transfer, the date of the transfer, the actual consideration
17 for the transfer, and the property's parcel identification number
18 or legal description. Forms filed in the assessing office of a
19 local unit of government under this subsection shall be made
20 available to the county tax or equalization department for the
21 county in which that local unit of government is located. This
22 subsection does not apply to personal property except buildings
23 described in section 14(6) and personal property described in
24 section 8(h), (i), and (j).

25 (11) As used in this section:

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

1 (b) "Beneficial use" means the right to possession, use, and
2 enjoyment of property, limited only by encumbrances, easements,
3 and restrictions of record.

4 (C) "CHARITABLE HOUSING ORGANIZATION" MEANS A NONPROFIT
5 CHARITABLE ORGANIZATION THE PRIMARY PURPOSE OF WHICH IS THE CON-
6 STRUCTION OR RENOVATION OF RESIDENTIAL HOUSING FOR CONVEYANCE TO
7 A LOW INCOME PERSON.

8 (D) ~~-(c)-~~ "Converted by a change in use" means that term as
9 defined in the agricultural property recapture act, 2000 PA 261,
10 MCL 211.1001 TO 211.1007.

11 (E) "FAMILY INCOME" AND "STATEWIDE MEDIAN GROSS INCOME" MEAN
12 THOSE TERMS AS DEFINED IN SECTION 11 OF THE STATE HOUSING DEVEL-
13 OPMENT AUTHORITY ACT OF 1966, 1966 PA 346, MCL 125.1411.

14 (F) ~~-(d)-~~ "Inflation rate" means that term as defined in
15 section 34d.

16 (G) ~~-(e)-~~ "Losses" means that term as defined in section
17 34d.

18 (H) "LOW INCOME PERSON" MEANS A PERSON WITH A FAMILY INCOME
19 OF NOT MORE THAN 60% OF THE STATEWIDE MEDIAN GROSS INCOME AND WHO
20 IS ELIGIBLE TO PARTICIPATE IN THE CHARITABLE HOUSING
21 ORGANIZATION'S PROGRAM BASED ON CRITERIA ESTABLISHED BY THE CHAR-
22 ITABLE HOUSING ORGANIZATION.

23 (I) ~~-(f)-~~ "Qualified agricultural property" means that term
24 as defined in section 7dd.

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

1 (a) For taxes levied before 1995, "additions" means all
2 increases in value caused by new construction or a physical
3 addition of equipment or furnishings, and the value of property
4 that was exempt from taxes or not included on the assessment
5 unit's immediately preceding year's assessment roll.

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

8 (i) Omitted real property. As used in this subparagraph,
9 "omitted real property" means previously existing tangible real
10 property not included in the assessment. Omitted real property
11 shall not increase taxable value as an addition unless the
12 assessing jurisdiction has a property record card or other docu-
13 mentation showing that the omitted real property was not previ-
14 ously included in the assessment. The assessing jurisdiction has
15 the burden of proof in establishing whether the omitted real
16 property is included in the assessment. Omitted real property
17 for the current and the 2 immediately preceding years, discovered
18 after the assessment roll has been completed, shall be added to
19 the tax roll pursuant to the procedures established in section
20 154. For purposes of determining the taxable value of real prop-
21 erty under section 27a, the value of omitted real property is
22 based on the value and the ratio of taxable value to true cash
23 value the omitted real property would have had if the property
24 had not been omitted.

25 (ii) Omitted personal property. As used in this subpara-
26 graph, "omitted personal property" means previously existing
27 tangible personal property not included in the assessment.

1 Omitted personal property shall be added to the tax roll pursuant
2 to section 154.

3 (iii) New construction. As used in this subparagraph AND
4 SUBDIVISION (C)(iv), "new construction" means property not in
5 existence on the immediately preceding tax day and not replace-
6 ment construction. New construction includes the physical addi-
7 tion of equipment or furnishings, subject to the provisions set
8 forth in section 27(2)(a) to (o). For purposes of determining
9 the taxable value of property under section 27a, the value of new
10 construction is the true cash value of the new construction
11 multiplied by 0.50.

12 (iv) Previously exempt property. As used in this subpara-
13 graph, "previously exempt property" means property that was
14 exempt from ad valorem taxation under this act on the immediately
15 preceding tax day but is subject to ad valorem taxation on the
16 current tax day under this act. For purposes of determining the
17 taxable value of real property under section 27a:

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

23 (B) The taxable value of property that is a facility as that
24 term is defined in section 2 of ~~Act No. 198 of the Public Acts~~
25 ~~of 1974, being section 207.552 of the Michigan Compiled Laws~~
26 1974 PA 198, MCL 207.552, that was previously exempt under

1 section 7k is the taxable value that property would have had
2 under this act if it had not been exempt.

3 (C) The value of property previously exempt under any other
4 section of law is the true cash value of the previously exempt
5 property multiplied by 0.50.

6 (v) Replacement construction. As used in this subparagraph,
7 "replacement construction" means construction that replaced prop-
8 erty damaged or destroyed by accident or act of God and that
9 occurred after the immediately preceding tax day to the extent
10 the construction's true cash value does not exceed the true cash
11 value of property that was damaged or destroyed by accident or
12 act of God in the immediately preceding 3 years. For purposes of
13 determining the taxable value of property under section 27a, the
14 value of the replacement construction is the true cash value of
15 the replacement construction multiplied by a fraction the numera-
16 tor of which is the taxable value of the property to which the
17 construction was added in the immediately preceding year and the
18 denominator of which is the true cash value of the property to
19 which the construction was added in the immediately preceding
20 year, and then multiplied by the lesser of 1.05 or the inflation
21 rate.

22 (vi) An increase in taxable value attributable to the com-
23 plete or partial remediation of environmental contamination
24 existing on the immediately preceding tax day. The department of
25 environmental quality shall determine the degree of remediation
26 based on information available in existing department of
27 environmental quality records or information made available to

1 the department of environmental quality if the appropriate
2 assessing officer for a local tax collecting unit requests that
3 determination. The increase in taxable value attributable to the
4 remediation is the increase in true cash value attributable to
5 the remediation multiplied by a fraction the numerator of which
6 is the taxable value of the property had it not been contaminated
7 and the denominator of which is the true cash value of the prop-
8 erty had it not been contaminated.

9 (vii) An increase in the value attributable to the
10 property's occupancy rate if either a loss, as that term is
11 defined in this section, had been previously allowed because of a
12 decrease in the property's occupancy rate or if the value of new
13 construction was reduced because of a below-market occupancy
14 rate. For purposes of determining the taxable value of property
15 under section 27a, the value of an addition for the increased
16 occupancy rate is the product of the increase in the true cash
17 value of the property attributable to the increased occupancy
18 rate multiplied by a fraction the numerator of which is the tax-
19 able value of the property in the immediately preceding year and
20 the denominator of which is the true cash value of the property
21 in the immediately preceding year, and then multiplied by the
22 lesser of 1.05 or the inflation rate.

23 (viii) Public services. As used in this subparagraph,
24 "public services" means water service, sewer service, a primary
25 access road, natural gas service, electrical service, telephone
26 service, sidewalks, or street lighting. For purposes of
27 determining the taxable value of real property under section 27a,

1 the value of public services is the amount of increase in true
2 cash value of the property attributable to the available public
3 services multiplied by 0.50 and shall be added in the calendar
4 year following the calendar year when those public services are
5 initially available.

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

8 (i) Platting, splits, or combinations of property.

9 (ii) A change in the zoning of property.

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

14 (iv) NEW CONSTRUCTION ON REAL PROPERTY CLASSIFIED AS RESI-
15 DENTIAL REAL PROPERTY UNDER SECTION 34C THAT IS OWNED BY A CHARI-
16 TABLE HOUSING ORGANIZATION. AS USED IN THIS SUBDIVISION:

17 (A) "CHARITABLE HOUSING ORGANIZATION" MEANS A NONPROFIT
18 CHARITABLE ORGANIZATION THE PRIMARY PURPOSE OF WHICH IS THE CON-
19 STRUCTION OR RENOVATION OF RESIDENTIAL HOUSING FOR CONVEYANCE TO
20 A LOW INCOME PERSON.

21 (B) "FAMILY INCOME" AND "STATEWIDE MEDIAN GROSS INCOME" MEAN
22 THOSE TERMS AS DEFINED IN SECTION 11 OF THE STATE HOUSING DEVEL-
23 OPMENT AUTHORITY ACT OF 1966, 1966 PA 346, MCL 125.1411.

24 (C) "LOW INCOME PERSON" MEANS A PERSON WITH A FAMILY INCOME
25 OF NOT MORE THAN 60% OF THE STATEWIDE MEDIAN GROSS INCOME.

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

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

3 (f) "General price level" means the annual average of the 12
4 monthly values for the United States consumer price index for all
5 urban consumers as defined and officially reported by the United
6 States department of labor, bureau of labor statistics.

7 (g) For taxes levied before 1995, "losses" means a decrease
8 in value caused by the removal or destruction of real or personal
9 property and the value of property taxed in the immediately pre-
10 ceding year that has been exempted or removed from the assessment
11 unit's assessment roll.

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

14 (i) Property that has been destroyed or removed. For pur-
15 poses of determining the taxable value of property under section
16 27a, the value of property destroyed or removed is the product of
17 the true cash value of that property multiplied by a fraction the
18 numerator of which is the taxable value of that property in the
19 immediately preceding year and the denominator of which is the
20 true cash value of that property in the immediately preceding
21 year.

22 (ii) Property that was subject to ad valorem taxation under
23 this act in the immediately preceding year that is now exempt
24 from ad valorem taxation under this act. For purposes of deter-
25 mining the taxable value of property under section 27a, the value
26 of property exempted from ad valorem taxation under this act is
27 the amount exempted.

1 (iii) An adjustment in value, if any, because of a decrease
2 in the property's occupancy rate, to the extent provided by law.
3 For purposes of determining the taxable value of real property
4 under section 27a, the value of a loss for a decrease in the
5 property's occupancy rate is the product of the decrease in the
6 true cash value of the property attributable to the decreased
7 occupancy rate multiplied by a fraction the numerator of which is
8 the taxable value of the property in the immediately preceding
9 year and the denominator of which is the true cash value of the
10 property in the immediately preceding year.

11 (iv) A decrease in taxable value attributable to environmen-
12 tal contamination existing on the immediately preceding tax day.
13 The department of environmental quality shall determine the
14 degree to which environmental contamination limits the use of
15 property based on information available in existing department of
16 environmental quality records or information made available to
17 the department of environmental quality if the appropriate
18 assessing officer for a local tax collecting unit requests that
19 determination. The department of environmental quality's deter-
20 mination of the degree to which environmental contamination
21 limits the use of property shall be based on the criteria estab-
22 lished for the ~~classifications~~ CATEGORIES set forth in section
23 20120a(1) of part 201 ~~(environmental remediation)~~ of the natu-
24 ral resources and environmental protection act, ~~Act No. 451 of~~
25 ~~the Public Acts of 1994, being section 324.20120a of the Michigan~~
26 ~~Compiled Laws~~ 1994 PA 451, MCL 324.20120A. The decrease in
27 taxable value attributable to the contamination is the decrease

1 in true cash value attributable to the contamination multiplied
2 by a fraction the numerator of which is the taxable value of the
3 property had it not been contaminated and the denominator of
4 which is the true cash value of the property had it not been
5 contaminated.

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

8 (i) Platting, splits, or combinations of property.

9 (ii) A change in the zoning of property.

10 (j) "New construction and improvements" means additions less
11 losses.

12 (k) "Current year" means the year for which the millage lim-
13 itation is being calculated.

14 (l) "Inflation rate" means the ratio of the general price
15 level for the state fiscal year ending in the calendar year imme-
16 diately preceding the current year divided by the general price
17 level for the state fiscal year ending in the calendar year
18 before the year immediately preceding the current year.

19 (2) On or before the first Monday in May of each year, the
20 assessing officer of each township or city shall tabulate the
21 tentative taxable value as approved by the local board of review
22 and as modified by county equalization for each classification of
23 property that is separately equalized for each unit of local gov-
24 ernment and provide the tabulated tentative taxable values to the
25 county equalization director. The tabulation by the assessing
26 officer shall contain additions and losses for each
27 classification of property that is separately equalized for each

1 unit of local government or part of a unit of local government in
2 the township or city. If as a result of state equalization the
3 taxable value of property changes, the assessing officer of each
4 township or city shall revise the calculations required by this
5 subsection on or before the Friday following the fourth Monday in
6 May. The county equalization director shall compute these
7 amounts and the current and immediately preceding year's taxable
8 values for each classification of property that is separately
9 equalized for each unit of local government that levies taxes
10 under this act within the boundary of the county. The county
11 equalization director shall cooperate with equalization directors
12 of neighboring counties, as necessary, to make the computation
13 for units of local government located in more than 1 county. The
14 county equalization director shall calculate the millage reduc-
15 tion fraction for each unit of local government in the county for
16 the current year. The financial officer for each taxing juris-
17 diction shall calculate the compounded millage reduction frac-
18 tions beginning in 1980 resulting from the multiplication of suc-
19 cessive millage reduction fractions and shall recognize a local
20 voter action to increase the compounded millage reduction frac-
21 tion to a maximum of 1 as a new beginning fraction. Upon request
22 of the superintendent of the intermediate school district, the
23 county equalization director shall transmit the complete computa-
24 tions of the taxable values to the superintendent of the interme-
25 diate school district within that county. At the request of the
26 presidents of community colleges, the county equalization
27 director shall transmit the complete computations of the taxable

1 values to the presidents of community colleges within the
2 county.

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

7 (4) On or before the second Monday in June of each year, the
8 treasurer of each county shall certify the immediately preceding
9 year's taxable values, the current year's taxable values, the
10 amount of additions and losses for the current year, and the cur-
11 rent year's millage reduction fraction for each unit of local
12 government that levies a property tax in the county.

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

21 (6) The number of mills permitted to be levied in a tax year
22 is limited as provided in this section pursuant to section 31 of
23 article IX of the state constitution of 1963. A unit of local
24 government shall not levy a tax rate greater than the rate deter-
25 mined by reducing its maximum rate or rates authorized by law or
26 charter by a millage reduction fraction as provided in this
27 section 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 for the immediately preceding year multiplied by the
6 inflation rate and the denominator of the fraction shall be the
7 total state equalized valuation for the current year minus new
8 construction and improvements. For ad valorem property taxes
9 that become a lien after December 31, 1982 and through
10 December 31, 1994, the numerator of the fraction shall be the
11 product of the difference between the total state equalized valu-
12 ation for the immediately preceding year minus losses multiplied
13 by the inflation rate and the denominator of the fraction shall
14 be the total state equalized valuation for the current year minus
15 additions. For ad valorem property taxes that are levied after
16 December 31, 1994, the numerator of the fraction shall be the
17 product of the difference between the total taxable value for the
18 immediately preceding year minus losses multiplied by the infla-
19 tion rate and the denominator of the fraction shall be the total
20 taxable value for the current year minus additions. For each
21 year after 1993, a millage reduction fraction shall not exceed
22 1.

23 (8) The compounded millage reduction fraction for each year
24 after 1980 shall be calculated by multiplying the local unit's
25 previous year's compounded millage reduction fraction by the cur-
26 rent year's millage reduction fraction. Beginning with 1980 tax
27 levies, the compounded millage reduction fraction for the year

1 shall be multiplied by the maximum millage rate authorized by law
2 or charter for the unit of local government for the year, except
3 as provided by subsection (9). A compounded millage reduction
4 fraction shall not exceed 1.

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

16 (10) A millage reduction fraction shall be applied sepa-
17 rately to the aggregate maximum millage rate authorized by a
18 charter and to each maximum millage rate authorized by state law
19 for a specific purpose.

20 (11) A unit of local government may submit to the voters for
21 their approval the levy in that year of a tax rate in excess of
22 the limit set by this section. The ballot question shall ask the
23 voters to approve the levy of a specific number of mills in
24 excess of the limit. The provisions of this section do not allow
25 the levy of a millage rate in excess of the maximum rate autho-
26 rized by law or charter. If the authorization to levy millage
27 expires after 1993 and a local governmental unit is asking voters

1 to renew the authorization to levy the millage, the ballot
2 question shall ask for renewed authorization for the number of
3 expiring mills as reduced by the millage reduction required by
4 this section. If the election occurs before June 1 of a year,
5 the millage reduction is based on the immediately preceding
6 year's millage reduction applicable to that millage. If the
7 election occurs after May 31 of a year, the millage reduction
8 shall be based on that year's millage reduction applicable to
9 that millage had it not expired.

10 (12) A reduction or limitation under this section shall not
11 be applied to taxes imposed for the payment of principal and
12 interest on bonds or other evidence of indebtedness or for the
13 payment of assessments or contract obligations in anticipation of
14 which bonds are issued that were authorized before December 23,
15 1978, as provided by former section 4 of chapter I of the munici-
16 pal finance act, ~~Act No. 202 of the Public Acts of 1943~~ 1943
17 PA 202, or to taxes imposed for the payment of principal and
18 interest on bonds or other evidence of indebtedness or for the
19 payment of assessments or contract obligations in anticipation of
20 which bonds are issued that are approved by the voters after
21 December 22, 1978.

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

1 (14) If as a result of an appeal of county equalization or
2 state equalization the taxable value of a unit of local govern-
3 ment changes, the millage reduction fraction for the year shall
4 be recalculated. The financial officer shall effectuate an addi-
5 tion or reduction of tax revenue in the same manner as prescribed
6 in subsection (13).

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

12 (16) Beginning with taxes levied in 1994, the millage reduc-
13 tion required by section 31 of article IX of the state constitu-
14 tion of 1963 shall permanently reduce the maximum rate or rates
15 authorized by law or charter. The reduced maximum authorized
16 rate or rates for 1994 shall equal the product of the maximum
17 rate or rates authorized by law or charter before application of
18 this section multiplied by the ~~compound~~ COMPOUNDED millage
19 reduction applicable to that millage in 1994 pursuant to subsec-
20 tions (8) to (12). The reduced maximum authorized rate or rates
21 for 1995 and each year after 1995 shall equal the product of the
22 immediately preceding year's reduced maximum authorized rate or
23 rates multiplied by the current year's millage reduction fraction
24 and shall be adjusted for millage for which authorization has
25 expired and new authorized millage approved by the voters pursu-
26 ant to subsections (8) to (12).