

SUBSTITUTE FOR
HOUSE BILL NO. 5097

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 34d (MCL 211.34d), as amended by 2005 PA 12,
and by adding section 7jj.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 7JJ. (1) BEGINNING DECEMBER 31, 2005, COMMERCIAL RENTAL
2 PROPERTY IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT IF
3 AN OWNER OF THAT COMMERCIAL RENTAL PROPERTY CLAIMS AN EXEMPTION AS
4 PROVIDED IN THIS SECTION. COMMERCIAL RENTAL PROPERTY EXEMPT UNDER
5 THIS SECTION IS SUBJECT TO THE SPECIFIC TAX LEVIED UNDER THE
6 COMMERCIAL RENTAL PROPERTY SPECIFIC TAX ACT.

7 (2) AN OWNER OF COMMERCIAL RENTAL PROPERTY MAY CLAIM AN
8 EXEMPTION UNDER THIS SECTION BY FILING AN AFFIDAVIT ON OR BEFORE

1 DECEMBER 31 WITH THE LOCAL TAX COLLECTING UNIT IN WHICH THE
2 COMMERCIAL RENTAL PROPERTY IS LOCATED. THE AFFIDAVIT SHALL STATE
3 THAT THE PROPERTY IS OWNED AND OCCUPIED AS COMMERCIAL RENTAL
4 PROPERTY ON THE DATE THAT THE AFFIDAVIT IS SIGNED. THE AFFIDAVIT
5 SHALL BE ON A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. ONE
6 COPY OF THE AFFIDAVIT SHALL BE RETAINED BY THE OWNER, 1 COPY SHALL
7 BE RETAINED BY THE LOCAL TAX COLLECTING UNIT UNTIL ANY APPEAL OR
8 AUDIT PERIOD UNDER THIS ACT HAS EXPIRED, AND 1 COPY SHALL BE
9 FORWARDED TO THE DEPARTMENT OF TREASURY.

10 (3) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (2)
11 AND UNLESS THE CLAIM IS DENIED UNDER THIS SECTION, THE ASSESSOR
12 SHALL EXEMPT THE PROPERTY FROM THE COLLECTION OF TAXES UNDER THIS
13 ACT UNTIL DECEMBER 31 OF THE YEAR IN WHICH THE PROPERTY IS
14 TRANSFERRED OR IS NO LONGER COMMERCIAL RENTAL PROPERTY.

15 (4) NOT MORE THAN 90 DAYS AFTER EXEMPTED PROPERTY IS NO LONGER
16 COMMERCIAL RENTAL PROPERTY, AN OWNER SHALL RESCIND THE CLAIM OF
17 EXEMPTION BY FILING WITH THE LOCAL TAX COLLECTING UNIT A RESCISSION
18 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. AN OWNER WHO FAILS
19 TO FILE A RESCISSION AS REQUIRED BY THIS SUBSECTION IS SUBJECT TO A
20 PENALTY OF \$5.00 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER
21 THE 90 DAYS HAVE ELAPSED, UP TO A MAXIMUM OF \$200.00. THIS PENALTY
22 SHALL BE COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31, AND
23 SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND ESTABLISHED IN
24 SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963. THIS
25 PENALTY MAY BE WAIVED BY THE DEPARTMENT OF TREASURY.

26 (5) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES
27 THAT THE PROPERTY FOR WHICH AN EXEMPTION IS CLAIMED IS NOT

1 COMMERCIAL RENTAL PROPERTY, THE ASSESSOR MAY DENY A NEW OR EXISTING
2 CLAIM BY NOTIFYING THE OWNER AND THE DEPARTMENT OF TREASURY IN
3 WRITING OF THE REASON FOR THE DENIAL AND ADVISING THE OWNER THAT
4 THE DENIAL MAY BE APPEALED TO THE STATE TAX COMMISSION WITHIN 35
5 DAYS AFTER THE DATE OF THE NOTICE. THE ASSESSOR MAY DENY A CLAIM
6 FOR EXEMPTION FOR THE CURRENT YEAR AND FOR THE 3 IMMEDIATELY
7 PRECEDING CALENDAR YEARS. IF THE ASSESSOR DENIES AN EXISTING CLAIM
8 FOR EXEMPTION, THE ASSESSOR SHALL REMOVE THE EXEMPTION OF THE
9 PROPERTY AND, IF THE TAX ROLL IS IN THE LOCAL TAX COLLECTING UNIT'S
10 POSSESSION, AMEND THE TAX ROLL TO REFLECT THE DENIAL AND THE LOCAL
11 TREASURER SHALL WITHIN 30 DAYS OF THE DATE OF THE DENIAL ISSUE A
12 CORRECTED TAX BILL FOR ANY ADDITIONAL TAXES WITH INTEREST AND
13 PENALTIES COMPUTED FROM THE DATE THE TAXES WERE LAST PAYABLE
14 WITHOUT INTEREST OR PENALTY. IF THE TAX ROLL IS IN THE COUNTY
15 TREASURER'S POSSESSION, THE TAX ROLL SHALL BE AMENDED TO REFLECT
16 THE DENIAL AND THE COUNTY TREASURER SHALL WITHIN 30 DAYS OF THE
17 DATE OF THE DENIAL PREPARE AND SUBMIT A SUPPLEMENTAL TAX BILL FOR
18 ANY ADDITIONAL TAXES, TOGETHER WITH INTEREST AND PENALTIES COMPUTED
19 FROM THE DATE THE TAXES WERE LAST PAYABLE WITHOUT INTEREST OR
20 PENALTY. TAXES LEVIED IN A CORRECTED OR SUPPLEMENTAL TAX BILL SHALL
21 BE RETURNED AS DELINQUENT ON THE MARCH 1 IN THE YEAR IMMEDIATELY
22 SUCCEEDING THE YEAR IN WHICH THE CORRECTED OR SUPPLEMENTAL TAX BILL
23 IS ISSUED. HOWEVER, IF THE PROPERTY HAS BEEN TRANSFERRED TO A BONA
24 FIDE PURCHASER BEFORE ADDITIONAL TAXES WERE BILLED TO THE SELLER AS
25 A RESULT OF THE DENIAL OF A CLAIM FOR EXEMPTION, THE TAXES,
26 INTEREST, AND PENALTIES SHALL NOT BE A LIEN ON THE PROPERTY AND
27 SHALL NOT BE BILLED TO THE BONA FIDE PURCHASER, AND THE LOCAL TAX

1 COLLECTING UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF
2 THE TAX ROLL OR THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION
3 OF THE TAX ROLL SHALL NOTIFY THE DEPARTMENT OF TREASURY OF THE
4 AMOUNT OF TAX DUE, INTEREST, AND PENALTIES THROUGH THE DATE OF THAT
5 NOTIFICATION. THE DEPARTMENT OF TREASURY SHALL THEN ASSESS THE
6 OWNER WHO CLAIMED THE EXEMPTION UNDER THIS SECTION FOR THE TAX,
7 INTEREST, AND PENALTIES ACCRUING AS A RESULT OF THE DENIAL OF THE
8 CLAIM FOR EXEMPTION, IF ANY, AS FOR UNPAID TAXES PROVIDED UNDER
9 1941 PA 122, MCL 205.1 TO 205.31, AND SHALL DEPOSIT ANY TAX,
10 PENALTY, AND INTEREST COLLECTED INTO THE STATE SCHOOL AID FUND. THE
11 DENIAL SHALL BE MADE ON A FORM PRESCRIBED BY THE DEPARTMENT OF
12 TREASURY.

13 (6) WHEN A COUNTY REGISTER OF DEEDS RECORDS A TRANSFER OF
14 OWNERSHIP OF COMMERCIAL RENTAL PROPERTY, HE OR SHE SHALL NOTIFY THE
15 LOCAL TAX COLLECTING UNIT IN WHICH THE COMMERCIAL RENTAL PROPERTY
16 IS LOCATED OF THE TRANSFER.

17 (7) THE DEPARTMENT OF TREASURY SHALL MAKE AVAILABLE THE
18 AFFIDAVIT FORMS AND THE FORMS TO RESCIND AN EXEMPTION, WHICH MAY BE
19 ON THE SAME FORM, TO ALL CITY AND TOWNSHIP ASSESSORS, COUNTY
20 EQUALIZATION OFFICERS, COUNTY REGISTERS OF DEEDS, AND CLOSING
21 AGENTS.

22 (8) AS USED IN THIS SECTION, "COMMERCIAL RENTAL PROPERTY"
23 MEANS REAL PROPERTY THAT MEETS ALL OF THE FOLLOWING CONDITIONS:

24 (A) IS CLASSIFIED AS COMMERCIAL REAL PROPERTY OR INDUSTRIAL
25 REAL PROPERTY UNDER SECTION 34C.

26 (B) ALL OR A PORTION IS SUBJECT TO A LEASE OR IS OFFERED FOR
27 LEASE.

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

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

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

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

26 (ii) Omitted personal property. As used in this subparagraph,
27 "omitted personal property" means previously existing tangible

1 personal property not included in the assessment. Omitted personal
2 property shall be added to the tax roll pursuant to section 154.

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

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

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

22 (B) The taxable value of property that is a facility as that
23 term is defined in section 2 of 1974 PA 198, MCL 207.552, that was
24 previously exempt under section 7k is the taxable value that
25 property would have had under this act if it had not been exempt.

26 (C) **THE TAXABLE VALUE OF PROPERTY THAT WAS COMMERCIAL RENTAL**
27 **PROPERTY THAT WAS PREVIOUSLY EXEMPT UNDER SECTION 7JJ IS THAT**

1 **PROPERTY'S ADJUSTED TAXABLE VALUE UNDER THE COMMERCIAL RENTAL**
2 **PROPERTY SPECIFIC TAX ACT IN THE IMMEDIATELY PRECEDING YEAR.**

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

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

21 (vi) An increase in taxable value attributable to the complete
22 or partial remediation of environmental contamination existing on
23 the immediately preceding tax day. The department of environmental
24 quality shall determine the degree of remediation based on
25 information available in existing department of environmental
26 quality records or information made available to the department of
27 environmental quality if the appropriate assessing officer for a

1 local tax collecting unit requests that determination. The increase
2 in taxable value attributable to the remediation is the increase in
3 true cash value attributable to the remediation multiplied by a
4 fraction the numerator of which is the taxable value of the
5 property had it not been contaminated and the denominator of which
6 is the true cash value of the property had it not been
7 contaminated.

8 (vii) ~~An~~ **PRIOR TO DECEMBER 31, 2005, AN** increase in the value
9 attributable to the property's occupancy rate if either a loss, as
10 that term is defined in this section, had been previously allowed
11 because of a decrease in the property's occupancy rate or if the
12 value of new construction was reduced because of a below-market
13 occupancy rate. For purposes of determining the taxable value of
14 property under section 27a, the value of an addition for the
15 increased occupancy rate is the product of the increase in the true
16 cash value of the property attributable to the increased occupancy
17 rate multiplied by a fraction the numerator of which is the taxable
18 value of the property in the immediately preceding year and the
19 denominator of which is the true cash value of the property in the
20 immediately preceding year, and then multiplied by the lesser of
21 1.05 or the inflation rate.

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

1 property attributable to the available public services multiplied
2 by 0.50 and shall be added in the calendar year following the
3 calendar year when those public services are initially available.

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

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

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

8 (iii) For the purposes of the calculation of the millage
9 reduction fraction under subsection (7) only, ~~increased~~ **BOTH OF**
10 **THE FOLLOWING:**

11 **(A) INCREASED** taxable value under section 27a(3) after a
12 transfer of ownership of property.

13 **(B) INCREASED ADJUSTABLE TAXABLE VALUE UNDER THE COMMERCIAL**
14 **RENTAL PROPERTY SPECIFIC TAX ACT AFTER A TRANSFER OF OWNERSHIP OF**
15 **COMMERCIAL RENTAL PROPERTY.**

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

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

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

24 (g) For taxes levied before 1995, "losses" means a decrease in
25 value caused by the removal or destruction of real or personal
26 property and the value of property taxed in the immediately
27 preceding year that has been exempted or removed from the

1 assessment unit's assessment roll.

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

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

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

17 (iii) ~~An~~ **PRIOR TO DECEMBER 31, 2005, AN** adjustment in value,
18 if any, because of a decrease in the property's occupancy rate, to
19 the extent provided by law. For purposes of determining the taxable
20 value of real property under section 27a, the value of a loss for a
21 decrease in the property's occupancy rate is the product of the
22 decrease in the true cash value of the property attributable to the
23 decreased occupancy rate multiplied by a fraction the numerator of
24 which is the taxable value of the property in the immediately
25 preceding year and the denominator of which is the true cash value
26 of the property in the immediately preceding year.

27 (iv) A decrease in taxable value attributable to environmental

contamination existing on the immediately preceding tax day. The department of environmental quality shall determine the degree to which environmental contamination limits the use of property based on information available in existing department of environmental quality records or information made available to the department of environmental quality if the appropriate assessing officer for a local tax collecting unit requests that determination. The department of environmental quality's determination of the degree to which environmental contamination limits the use of property shall be based on the criteria established for the categories set forth in section 20120a(1) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20120a. 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.

(iii) FOR THE PURPOSES OF CALCULATING THE MILLAGE REDUCTION FRACTION UNDER SUBSECTION (7) ONLY, DECREASED TAXABLE VALUE AS A RESULT OF THE EXEMPTION OF COMMERCIAL RENTAL PROPERTY UNDER SECTION 7JJ.

(j) "New construction and improvements" means additions less

1 losses.

2 (k) "Current year" means the year for which the millage
3 limitation is being calculated.

4 (l) "Inflation rate" means the ratio of the general price level
5 for the state fiscal year ending in the calendar year immediately
6 preceding the current year divided by the general price level for
7 the state fiscal year ending in the calendar year before the year
8 immediately preceding the current year.

9 (2) On or before the first Monday in May of each year, the
10 assessing officer of each township or city shall tabulate the
11 tentative taxable value as approved by the local board of review
12 and as modified by county equalization for each classification of
13 property that is separately equalized for each unit of local
14 government and provide the tabulated tentative taxable values to
15 the county equalization director. The tabulation by the assessing
16 officer shall contain additions and losses for each classification
17 of property that is separately equalized for each unit of local
18 government or part of a unit of local government in the township or
19 city. If as a result of state equalization the taxable value of
20 property changes, the assessing officer of each township or city
21 shall revise the calculations required by this subsection on or
22 before the Friday following the fourth Monday in May. The county
23 equalization director shall compute these amounts and the current
24 and immediately preceding year's taxable values for each
25 classification of property that is separately equalized for each
26 unit of local government that levies taxes under this act within
27 the boundary of the county. The county equalization director shall

1 cooperate with equalization directors of neighboring counties, as
2 necessary, to make the computation for units of local government
3 located in more than 1 county. The county equalization director
4 shall calculate the millage reduction fraction for each unit of
5 local government in the county for the current year. The financial
6 officer for each taxing jurisdiction shall calculate the compounded
7 millage reduction fractions beginning in 1980 resulting from the
8 multiplication of successive millage reduction fractions and shall
9 recognize a local voter action to increase the compounded millage
10 reduction fraction to a maximum of 1 as a new beginning fraction.
11 Upon request of the superintendent of the intermediate school
12 district, the county equalization director shall transmit the
13 complete computations of the taxable values to the superintendent
14 of the intermediate school district within that county. At the
15 request of the presidents of community colleges, the county
16 equalization director shall transmit the complete computations of
17 the taxable values to the presidents of community colleges within
18 the county.

19 (3) On or before the first Monday in June of each year, the
20 county equalization director shall deliver the statement of the
21 computations signed by the county equalization director to the
22 county treasurer.

23 (4) On or before the second Monday in June of each year, the
24 treasurer of each county shall certify the immediately preceding
25 year's taxable values, the current year's taxable values, the
26 amount of additions and losses for the current year, and the
27 current year's millage reduction fraction for each unit of local

1 government that levies a property tax in the county.

2 (5) The financial officer of each unit of local government
3 shall make the computation of the tax rate using the data certified
4 by the county treasurer and the state tax commission. At the annual
5 session in October, the county board of commissioners shall not
6 authorize the levy of a tax unless the governing body of the taxing
7 jurisdiction has certified that the requested millage has been
8 reduced, if necessary, in compliance with section 31 of article IX
9 of the state constitution of 1963.

10 (6) The number of mills permitted to be levied in a tax year
11 is limited as provided in this section pursuant to section 31 of
12 article IX of the state constitution of 1963. A unit of local
13 government shall not levy a tax rate greater than the rate
14 determined by reducing its maximum rate or rates authorized by law
15 or charter by a millage reduction fraction as provided in this
16 section without voter approval.

17 (7) A millage reduction fraction shall be determined for each
18 year for each local unit of government. For ad valorem property
19 taxes that became a lien before January 1, 1983, the numerator of
20 the fraction shall be the total state equalized valuation for the
21 immediately preceding year multiplied by the inflation rate and the
22 denominator of the fraction shall be the total state equalized
23 valuation for the current year minus new construction and
24 improvements. For ad valorem property taxes that become a lien
25 after December 31, 1982 and through December 31, 1994, the
26 numerator of the fraction shall be the product of the difference
27 between the total state equalized valuation for the immediately

1 preceding year minus losses multiplied by the inflation rate and
2 the denominator of the fraction shall be the total state equalized
3 valuation for the current year minus additions. For ad valorem
4 property taxes that are levied after December 31, 1994, the
5 numerator of the fraction shall be the product of the difference
6 between the total taxable value for the immediately preceding year
7 minus losses multiplied by the inflation rate and the denominator
8 of the fraction shall be the total taxable value for the current
9 year minus additions. For each year after 1993, a millage reduction
10 fraction shall not exceed 1.

11 (8) The compounded millage reduction fraction for each year
12 after 1980 shall be calculated by multiplying the local unit's
13 previous year's compounded millage reduction fraction by the
14 current year's millage reduction fraction. Beginning with 1980 tax
15 levies, the compounded millage reduction fraction for the year
16 shall be multiplied by the maximum millage rate authorized by law
17 or charter for the unit of local government for the year, except as
18 provided by subsection (9). A compounded millage reduction fraction
19 shall not exceed 1.

20 (9) The millage reduction shall be determined separately for
21 authorized millage approved by the voters. The limitation on
22 millage authorized by the voters on or before April 30 of a year
23 shall be calculated beginning with the millage reduction fraction
24 for that year. Millage authorized by the voters after April 30
25 shall not be subject to a millage reduction until the year
26 following the voter authorization which shall be calculated
27 beginning with the millage reduction fraction for the year

1 following the authorization. The first millage reduction fraction
2 used in calculating the limitation on millage approved by the
3 voters after January 1, 1979 shall not exceed 1.

4 (10) A millage reduction fraction shall be applied separately
5 to the aggregate maximum millage rate authorized by a charter and
6 to each maximum millage rate authorized by state law for a specific
7 purpose.

8 (11) A unit of local government may submit to the voters for
9 their approval the levy in that year of a tax rate in excess of the
10 limit set by this section. The ballot question shall ask the voters
11 to approve the levy of a specific number of mills in excess of the
12 limit. The provisions of this section do not allow the levy of a
13 millage rate in excess of the maximum rate authorized by law or
14 charter. If the authorization to levy millage expires after 1993
15 and a local governmental unit is asking voters to renew the
16 authorization to levy the millage, the ballot question shall ask
17 for renewed authorization for the number of expiring mills as
18 reduced by the millage reduction required by this section. If the
19 election occurs before June 1 of a year, the millage reduction is
20 based on the immediately preceding year's millage reduction
21 applicable to that millage. If the election occurs after May 31 of
22 a year, the millage reduction shall be based on that year's millage
23 reduction applicable to that millage had it not expired.

24 (12) A reduction or limitation under this section shall not be
25 applied to taxes imposed for the payment of principal and interest
26 on bonds or other evidence of indebtedness or for the payment of
27 assessments or contract obligations in anticipation of which bonds

1 are issued that were authorized before December 23, 1978, as
2 provided by section 4 of chapter I of former 1943 PA 202, or to
3 taxes imposed for the payment of principal and interest on bonds or
4 other evidence of indebtedness or for the payment of assessments or
5 contract obligations in anticipation of which bonds are issued that
6 are approved by the voters after December 22, 1978.

7 (13) If it is determined subsequent to the levy of a tax that
8 an incorrect millage reduction fraction has been applied, the
9 amount of additional tax revenue or the shortage of tax revenue
10 shall be deducted from or added to the next regular tax levy for
11 that unit of local government after the determination of the
12 authorized rate pursuant to this section.

13 (14) If as a result of an appeal of county equalization or
14 state equalization the taxable value of a unit of local government
15 changes, the millage reduction fraction for the year shall be
16 recalculated. The financial officer shall effectuate an addition or
17 reduction of tax revenue in the same manner as prescribed in
18 subsection (13).

19 (15) The fractions calculated pursuant to this section shall
20 be rounded to 4 decimal places, except that the inflation rate
21 shall be computed by the state tax commission and shall be rounded
22 to 3 decimal places. The state tax commission shall publish the
23 inflation rate before March 1 of each year.

24 (16) Beginning with taxes levied in 1994, the millage
25 reduction required by section 31 of article IX of the state
26 constitution of 1963 shall permanently reduce the maximum rate or
27 rates authorized by law or charter. The reduced maximum authorized

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1 rate or rates for 1994 shall equal the product of the maximum rate
2 or rates authorized by law or charter before application of this
3 section multiplied by the compounded millage reduction applicable
4 to that millage in 1994 pursuant to subsections (8) to (12). The
5 reduced maximum authorized rate or rates for 1995 and each year
6 after 1995 shall equal the product of the immediately preceding
7 year's reduced maximum authorized rate or rates multiplied by the
8 current year's millage reduction fraction and shall be adjusted for
9 millage for which authorization has expired and new authorized
10 millage approved by the voters pursuant to subsections (8) to (12).

11 [Enacting section 1. This amendatory act does not take effect
12 unless all of the following bills of the 93rd Legislature are
13 enacted into law:

14 (a) House Bill No. 4972.

15 (b) House Bill No. 4973.

16 (c) House Bill No. 4980.

17 (d) House Bill No. 5095.

18 (e) House Bill No. 5096.

19 (f) House Bill No. 5098.

20 (g) House Bill No. 5106.

(h) House Bill No. 5107.

(i) House Bill No. 5108.]