

HOUSE BILL No. 4073

January 27, 2005, Introduced by Rep. Hildenbrand and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7dd, 7ee, 10, 24, 24c, 27a, 27b, 27c, 34, 34c,
and 34d (MCL 211.7dd, 211.7ee, 211.10, 211.24, 211.24c, 211.27a,
211.27b, 211.27c, 211.34, 211.34c, and 211.34d), section 7dd as
amended by 2003 PA 140, sections 7ee and 24c as amended by 2003 PA
247, section 10 as amended by 1994 PA 415, sections 24 and 34c as
amended by 2002 PA 620, section 27a as amended by 2000 PA 260,
sections 27b and 34d as amended and section 27c as added by 1996 PA
476, and section 34 as amended by 1986 PA 105, and by adding
section 27e; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 7dd. As used in sections 7cc and 7ee:

(a) "Owner" means any of the following:

(i) A person who owns property or who is purchasing property

1 under a land contract.

2 (ii) A person who is a partial owner of property.

3 (iii) A person who owns property as a result of being a
4 beneficiary of a will or trust or as a result of intestate
5 succession.

6 (iv) A person who owns or is purchasing a dwelling on leased
7 land.

8 (v) A person holding a life lease in property previously sold
9 or transferred to another.

10 (vi) A grantor who has placed the property in a revocable trust
11 or a qualified personal residence trust.

12 (vii) A cooperative housing corporation.

13 (viii) A facility registered under the living care disclosure
14 act, 1976 PA 440, MCL 554.801 to 554.844.

15 (b) "Person", for purposes of defining owner as used in
16 section 7cc, means an individual and for purposes of defining owner
17 as used in section 7ee means an individual, partnership,
18 corporation, limited liability company, association, or other legal
19 entity.

20 (c) "Principal residence" means the 1 place where an owner of
21 the property has his or her true, fixed, and permanent home to
22 which, whenever absent, he or she intends to return and that shall
23 continue as a principal residence until another principal residence
24 is established. Principal residence includes only that portion of a
25 dwelling or unit in a multiple-unit dwelling that is subject to ad
26 valorem taxes and that is owned and occupied by an owner of the
27 dwelling or unit. Principal residence also includes all of an

1 owner's unoccupied property classified as residential that is
2 adjoining or contiguous to the dwelling subject to ad valorem taxes
3 and that is owned and occupied by the owner. Contiguity is not
4 broken by a road, a right-of-way, or property purchased or taken
5 under condemnation proceedings by a public utility for power
6 transmission lines if the 2 parcels separated by the purchased or
7 condemned property were a single parcel prior to the sale or
8 condemnation. Principal residence also includes any portion of a
9 dwelling or unit of an owner that is rented or leased to another
10 person as a residence as long as that portion of the dwelling or
11 unit that is rented or leased is less than 50% of the total square
12 footage of living space in that dwelling or unit. Principal
13 residence also includes a life care facility registered under the
14 living care disclosure act, 1976 PA 440, MCL 554.801 to 554.844.
15 Principal residence also includes property owned by a cooperative
16 housing corporation and occupied by tenant stockholders.

17 (d) "Qualified agricultural property" means unoccupied
18 property and related buildings classified as agricultural **REAL**
19 **PROPERTY**, or other unoccupied property and related buildings
20 located on that property devoted primarily to agricultural use as
21 defined in section ~~36101 of the natural resources and~~
22 ~~environmental protection act, 1994 PA 451, MCL 324.36101~~ **34C**.
23 Related buildings include a residence occupied by a person employed
24 in or actively involved in the agricultural use and who has not
25 claimed a principal residence exemption on other property. Property
26 used for commercial storage, commercial processing, commercial
27 distribution, commercial marketing, or commercial shipping

1 operations or other commercial or industrial purposes is not
2 qualified agricultural property. A parcel of property is devoted
3 primarily to agricultural use only if more than 50% of the parcel's
4 acreage is devoted to agricultural use. An owner shall not receive
5 an exemption for that portion of the total state equalized
6 valuation of the property that is used for a commercial or
7 industrial purpose or that is a residence that is not a related
8 building.

9 Sec. 7ee. (1) Qualified agricultural property is exempt from
10 the tax levied by a local school district for school operating
11 purposes to the extent provided under section 1211 of the revised
12 school code, 1976 PA 451, MCL 380.1211, according to the provisions
13 of this section.

14 (2) Qualified agricultural property that is classified as
15 agricultural **REAL PROPERTY** under section 34c is exempt under
16 subsection (1) and the owner is not required to file an affidavit
17 claiming an exemption with the local tax collecting unit unless
18 requested by the assessor to determine whether the property
19 includes structures that are not exempt under this section. To
20 claim an exemption under subsection (1) for qualified agricultural
21 property that is not classified as agricultural **REAL PROPERTY** under
22 section 34c, the owner shall file an affidavit claiming the
23 exemption with the local tax collecting unit by May 1.

24 (3) The affidavit shall be on a form prescribed by the
25 department of treasury.

26 (4) For property classified as agricultural **REAL PROPERTY**, and
27 upon receipt of an affidavit filed under subsection (2) for

1 property not classified as agricultural **REAL PROPERTY**, the assessor
2 shall determine if the property is qualified agricultural property
3 and if so shall exempt the property from the collection of the tax
4 as provided in subsection (1) until December 31 of the year in
5 which the property is no longer qualified agricultural property as
6 defined in section 7dd. An owner is required to file a new claim
7 for exemption on the same property as requested by the assessor
8 under subsection (2).

9 (5) Not more than 90 days after all or a portion of the
10 exempted property is no longer qualified agricultural property, the
11 owner shall rescind the exemption for the applicable portion of the
12 property by filing with the local tax collecting unit a rescission
13 form prescribed by the department of treasury. An owner who fails
14 to file a rescission as required by this subsection is subject to a
15 penalty of \$5.00 per day for each separate failure beginning after
16 the 90 days have elapsed, up to a maximum of \$200.00. This penalty
17 shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and
18 shall be deposited in the state school aid fund established in
19 section 11 of article IX of the state constitution of 1963. This
20 penalty may be waived by the department of treasury.

21 (6) An owner of property that is qualified agricultural
22 property on May 1 for which an exemption was not on the tax roll
23 may file an appeal with the July or December board of review in the
24 year the exemption was claimed or the immediately succeeding year.
25 An owner of property that is qualified agricultural property on May
26 1 for which an exemption was denied by the assessor in the year the
27 affidavit was filed, may file an appeal with the July board of

1 review for summer taxes or, if there is not a summer levy of school
2 operating taxes, with the December board of review.

3 (7) If the assessor of the local tax collecting unit believes
4 that the property for which an exemption has been granted is not
5 qualified agricultural property, the assessor may deny or modify an
6 existing exemption by notifying the owner in writing at the time
7 required for providing a notice under section 24c. A taxpayer may
8 appeal the assessor's determination to the board of review meeting
9 under section 30. A decision of the board of review may be appealed
10 to the residential and small claims division of the Michigan tax
11 tribunal.

12 (8) If an exemption under this section is erroneously granted,
13 an owner may request in writing that the local tax collecting unit
14 withdraw the exemption. If an owner requests that an exemption be
15 withdrawn, the local assessor shall notify the owner that the
16 exemption issued under this section has been denied based on that
17 owner's request. If an exemption is withdrawn, the property that
18 had been subject to that exemption shall be immediately placed on
19 the tax roll by the local tax collecting unit if the local tax
20 collecting unit has possession of the tax roll or by the county
21 treasurer if the county has possession of the tax roll as though
22 the exemption had not been granted. A corrected tax bill shall be
23 issued for the tax year being adjusted by the local tax collecting
24 unit if the local tax collecting unit has possession of the tax
25 roll or by the county treasurer if the county has possession of the
26 tax roll. If an owner requests that an exemption under this section
27 be withdrawn before that owner is contacted in writing by the local

1 assessor regarding that owner's eligibility for the exemption and
2 that owner pays the corrected tax bill issued under this subsection
3 within 30 days after the corrected tax bill is issued, that owner
4 is not liable for any penalty or interest on the additional tax. An
5 owner who pays a corrected tax bill issued under this subsection
6 more than 30 days after the corrected tax bill is issued is liable
7 for the penalties and interest that would have accrued if the
8 exemption had not been granted from the date the taxes were
9 originally levied.

10 Sec. 10. (1) An assessment of all the property in the state
11 liable to taxation shall be made annually in all townships,
12 villages, and cities by the ~~applicable~~ **APPROPRIATE** assessing
13 officer as provided in section 3 of article IX of the state
14 constitution of 1963 and section 27a.

15 (2) Notwithstanding any provision to the contrary in the act
16 of incorporation or charter of a village, an assessment for village
17 taxes shall be identical to the assessment made by the ~~applicable~~
18 **APPROPRIATE** assessing officer of the township in which the village
19 is located, and tax statements shall set forth clearly the state
20 equalized ~~value~~ **VALUATION OR AGRICULTURAL USE VALUE FOR QUALIFIED**
21 **AGRICULTURAL PROPERTY** and the taxable value of the individual
22 properties in the village upon which authorized millages are
23 levied.

24 (3) If a nonresident of the taxing unit requests in writing
25 information regarding the assessment of his or her property, the
26 ~~supervisor or~~ **APPROPRIATE** assessing officer shall reply to the
27 request within a reasonable length of time.

1 Sec. 24. (1) On or before the first Monday in March in each
2 year, the assessor shall make and complete an assessment roll, upon
3 which he or she shall set down all of the following:

4 (a) The name and address of every person liable to be taxed in
5 the local tax collecting unit with a full description of all the
6 real property liable to be taxed. If the name of the owner or
7 occupant of any tract or parcel of real property is known, the
8 assessor shall enter the name and address of the owner or occupant
9 opposite to the description of the property. If unknown, the real
10 property described upon the roll shall be assessed as "owner
11 unknown". All contiguous subdivisions of any section that are owned
12 by 1 person, firm, corporation, or other legal entity and all
13 unimproved lots in any block that are contiguous and owned by 1
14 person, firm, corporation, or other legal entity shall be assessed
15 as 1 parcel, unless demand in writing is made by the owner or
16 occupant to have each subdivision of the section or each lot
17 assessed separately. However, failure to assess contiguous parcels
18 as entireties does not invalidate the assessment as made. Each
19 description shall show as near as possible the number of acres
20 contained in it, as determined by the assessor. It is not necessary
21 for the assessment roll to specify the quantity of land comprised
22 in any town, city, or village lot.

23 (b) The assessor shall estimate, according to his or her best
24 information and judgment, **THE TRUE CASH VALUE AND AGRICULTURAL USE**
25 **VALUE FOR QUALIFIED AGRICULTURAL PROPERTY AND** the true cash value
26 and assessed value of every parcel of real property **THAT IS NOT**
27 **QUALIFIED AGRICULTURAL PROPERTY** and set the **AGRICULTURAL USE VALUE**

1 OR assessed value down opposite the parcel.

2 (c) The assessor shall calculate the tentative taxable value
3 of every parcel of real property and set that value down opposite
4 the parcel.

5 (d) The assessor shall determine the percentage of value of
6 every parcel of real property that is exempt from the tax levied by
7 a local school district for school operating purposes to the extent
8 provided under section 1211 of the revised school code, 1976 PA
9 451, MCL 380.1211, and set that percentage of value down opposite
10 the parcel.

11 (e) The assessor shall determine the date of the last transfer
12 of ownership of every parcel of real property occurring after
13 December 31, 1994 and set that date down opposite the parcel.

14 (f) The assessor shall estimate the true cash value of all the
15 personal property of each person, and set the assessed value and
16 tentative taxable value down opposite the name of the person. In
17 determining the property to be assessed and in estimating the value
18 of that property, the assessor is not bound to follow the
19 statements of any person, but shall exercise his or her best
20 judgment. For taxes levied after December 31, 2003, the assessor
21 shall separately state the assessed value and tentative taxable
22 value of any leasehold improvements.

23 (g) Property assessed to a person other than the owner shall
24 be assessed separately from the owner's property and shall show in
25 what capacity it is assessed to that person, whether as agent,
26 guardian, or otherwise. Two or more persons not being copartners,
27 owning personal property in common, may each be assessed severally

1 for each person's portion. Undivided interests in lands owned by
2 tenants in common, or joint tenants not being copartners, may be
3 assessed to the owners.

4 (2) The state geologist, or his or her duly authorized deputy,
5 shall determine, according to his or her best information and
6 judgment, the true cash value of the metallic mining properties and
7 mineral rights consisting of metallic resources that are either
8 producing, developed, or have a known commercial mineral value,
9 including surface rights and personal property that may be used in
10 the operation or development of the property assessed, or any
11 stockpile of ore or mineral stored on the surface. For the purpose
12 of encouraging the exploration and development of metallic mineral
13 resources, metallic mineral ore newly discovered or proven in the
14 ground and not part of the property of an operating mine shall be
15 exempt from the taxes collected under this act for a maximum period
16 of 10 years or until the time it becomes part of the property of an
17 operating mine or it in itself becomes an operating mine. Metallic
18 mineral ore newly discovered or proven in the ground and part of
19 the property of an operating mine shall be exempt from taxes
20 collected under this act until it, in combination with previously
21 discovered metallic mineral ore of the operating mine, comes into a
22 10-year recovery period of the mine as determined by the average
23 normal annual rate of extraction of the mine.

24 (3) An operating mine shall be defined to be an operating mine
25 as of the date of starting of a shaft, stripping of overburden, or
26 rehabilitation, or an abandoned or idle mine closed for not less
27 than 2 years. Ore shall not enjoy more than 10 years' exemption

1 from taxation. This section does not exempt from the taxes
2 collected under this act ore reserves proven as of April 1, 1947.
3 It is the intent of this act that mineral properties shall be
4 valued and assessed in the future for ad valorem taxes according to
5 the formula used in the valuation of mineral properties before the
6 effective date of this act. It is the intent of this act that no
7 metallic mineral ore shall be exempt more than 10 years because of
8 the application of this act and if at any time it becomes evident
9 that such is the case, the state tax commission shall determine the
10 value of this untaxed ore and place this valuation on the proper
11 tax roll. The state geologist shall report his or her determination
12 of the true cash value of the mineral properties to the state tax
13 commission on or before February 10 of each year. The state tax
14 commission shall assess the mineral properties containing 20% or
15 more of natural iron per ton of ore in conformity and uniformity
16 with all other property within the assessing district. The state
17 tax commission shall assess all other metallic mineral properties
18 at the value certified by the state geologist. The state tax
19 commission, as early as is practicable before February 20, shall
20 certify the assessment of the property to the assessor of the
21 township or city in which the property is situated, who shall for
22 the mineral properties and mineral rights that are owned separate
23 from the surface rights on the property assess each to the owner at
24 the valuation certified to him or her. However, an adjustment to
25 the value certified by the state tax commission may be made by the
26 assessor of the township or city to reflect any general adjustment
27 of assessed valuation from the immediately preceding year not

1 included in the state tax commission computation. The assessor
2 shall determine the true cash value of the surface rights and
3 assess the value of the surface rights to the owner. The assessment
4 upon the metallic mining properties and mineral rights may be
5 altered from year to year regardless of whether any previous
6 assessment has been reviewed by the state tax commission. The
7 assessor or the owner of any interest in the property assessed may
8 appeal the assessment and valuation of the property as determined
9 by the board of review to the state tax commission which shall
10 review the assessment and valuation as provided in section 152.

11 Sec. 24c. (1) The assessor shall give to each owner or person
12 or persons listed on the assessment roll of the property a notice
13 by first-class mail of an increase in the tentative state equalized
14 valuation, **THE TENTATIVE AGRICULTURAL USE VALUE**, or the tentative
15 taxable value for the year. The notice shall specify each parcel of
16 property, the tentative taxable value for the current year, and the
17 taxable value for the immediately preceding year. The notice shall
18 also specify the time and place of the meeting of the board of
19 review. The notice shall also specify the difference between the
20 property's tentative taxable value in the current year and the
21 property's taxable value in the immediately preceding year.

22 (2) The notice shall include, in addition to the information
23 required by subsection (1), all of the following:

24 (a) The state equalized valuation for the immediately
25 preceding year.

26 (b) The tentative state equalized valuation for the current
27 year.

(c) The net change between the tentative state equalized valuation for the current year and the state equalized valuation for the immediately preceding year.

(D) FOR QUALIFIED AGRICULTURAL PROPERTY, ALL OF THE FOLLOWING:

(i) BEGINNING IN 2005, THE AGRICULTURAL USE VALUE FOR THE IMMEDIATELY PRECEDING YEAR.

(ii) THE TENTATIVE AGRICULTURAL USE VALUE FOR THE CURRENT YEAR.

(iii) BEGINNING IN 2006, THE NET CHANGE BETWEEN THE TENTATIVE AGRICULTURAL USE VALUE FOR THE CURRENT YEAR AND THE AGRICULTURAL USE VALUE FOR THE IMMEDIATELY PRECEDING YEAR.

(E) ~~-(d)-~~ The classification of the property as defined DESCRIBED by section 34c AND WHETHER THAT PROPERTY IS QUALIFIED AGRICULTURAL PROPERTY EXEMPT FROM THE TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES UNDER SECTION 7EE.

(F) ~~-(e)-~~ The inflation rate for the immediately preceding year as defined in section 34d.

(G) ~~-(f)-~~ A statement provided by the state tax commission explaining the relationship between state equalized valuation and taxable value OR, FOR QUALIFIED AGRICULTURAL PROPERTY, THE RELATIONSHIP BETWEEN THE AGRICULTURAL USE VALUE AND TAXABLE VALUE.

If the assessor believes that a transfer of ownership has occurred in the immediately preceding year, the statement shall state that the ownership was transferred and that the taxable value of that property is the same as the state equalized valuation of that property OR, FOR QUALIFIED AGRICULTURAL PROPERTY, THE SAME AS THE PROPERTY'S TAXABLE VALUE IN THE IMMEDIATELY PRECEDING YEAR ADJUSTED AS PROVIDED IN SECTION 27E(2).

1 (3) When required by the income tax act of 1967, 1967 PA 281,
2 MCL 206.1 to 206.532, the assessment notice shall include or be
3 accompanied by information or forms prescribed by the income tax
4 act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

5 (4) The assessment notice shall be addressed to the owner
6 according to the records of the assessor and mailed not less than
7 10 days before the meeting of the board of review. The failure to
8 send or receive an assessment notice does not invalidate an
9 assessment roll or an assessment on that property.

10 (5) The tentative state equalized valuation shall be
11 calculated by multiplying the assessment by the tentative equalized
12 valuation multiplier. If the assessor has made assessment
13 adjustments that would have changed the tentative multiplier, the
14 assessor may recalculate the multiplier for use in the notice.

15 (6) The state tax commission shall prepare a model assessment
16 notice form that shall be made available to local units of
17 government.

18 (7) The assessment notice under subsection (1) shall include
19 the following statement:

20 "If you purchased your principal residence after May 1 last
21 year, to claim the principal residence exemption, if you have not
22 already done so, you are required to file an affidavit before May
23 1."

24 (8) For taxes levied after December 31, 2003, the assessment
25 notice under subsection (1) shall separately state the state
26 equalized valuation and taxable value for any leasehold
27 improvements.

1 Sec. 27a. (1) Except as otherwise provided in this section **AND**
2 **SECTION 27E**, property shall be assessed at 50% of its true cash
3 value under section 3 of article IX of the state constitution of
4 1963.

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

8 (a) The property's taxable value in the immediately preceding
9 year minus any losses, multiplied by the lesser of 1.05 or the
10 inflation rate, plus all additions. For taxes levied in 1995, the
11 property's taxable value in the immediately preceding year is the
12 property's state equalized valuation in 1994.

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

14 (3) ~~Upon~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 27E(3),**
15 **UPON** a transfer of ownership of property after 1994, the property's
16 taxable value for the calendar year following the year of the
17 transfer is the property's state equalized valuation for the
18 calendar year following the transfer.

19 (4) If the taxable value of property is adjusted under
20 subsection (3), a subsequent increase in the property's taxable
21 value is subject to the limitation set forth in subsection (2)
22 until a subsequent transfer of ownership occurs.

23 (5) Assessment of property, as required in this section and
24 section 27, is inapplicable to the assessment of property subject
25 to the levy of ad valorem taxes within voted tax limitation
26 increases to pay principal and interest on limited tax bonds issued
27 by any governmental unit, including a county, township, community

1 college district, or school district, before January 1, 1964, if
2 the assessment required to be made under this act would be less
3 than the assessment as state equalized prevailing on the property
4 at the time of the issuance of the bonds. This inapplicability
5 shall continue until levy of taxes to pay principal and interest on
6 the bonds is no longer required. The assessment of property
7 required by this act shall be applicable for all other purposes.

8 (6) As used in this act, "transfer of ownership" means the
9 conveyance of title to or a present interest in property, including
10 the beneficial use of the property, the value of which is
11 substantially equal to the value of the fee interest. Transfer of
12 ownership of property includes, but is not limited to, the
13 following:

14 (a) A conveyance by deed.

15 (b) A conveyance by land contract. The taxable value of
16 property conveyed by a land contract executed after December 31,
17 1994 shall be adjusted under subsection (3) for the calendar year
18 following the year in which the contract is entered into and shall
19 not be subsequently adjusted under subsection (3) when the deed
20 conveying title to the property is recorded in the office of the
21 register of deeds in the county in which the property is located.

22 (c) A conveyance to a trust after December 31, 1994, except if
23 the settlor or the settlor's spouse, or both, conveys the property
24 to the trust and the sole present beneficiary or beneficiaries are
25 the settlor or the settlor's spouse, or both.

26 (d) A conveyance by distribution from a trust, except if the
27 distributee is the sole present beneficiary or the spouse of the

1 sole present beneficiary, or both.

2 (e) A change in the sole present beneficiary or beneficiaries
3 of a trust, except a change that adds or substitutes the spouse of
4 the sole present beneficiary.

5 (f) A conveyance by distribution under a will or by intestate
6 succession, except if the distributee is the decedent's spouse.

7 (g) A conveyance by lease if the total duration of the lease,
8 including the initial term and all options for renewal, is more
9 than 35 years or the lease grants the lessee a bargain purchase
10 option. As used in this subdivision, "bargain purchase option"
11 means the right to purchase the property at the termination of the
12 lease for not more than 80% of the property's projected true cash
13 value at the termination of the lease. After December 31, 1994, the
14 taxable value of property conveyed by a lease with a total duration
15 of more than 35 years or with a bargain purchase option shall be
16 adjusted under subsection (3) for the calendar year following the
17 year in which the lease is entered into. This subdivision does not
18 apply to personal property. ~~except buildings described in section~~
19 ~~14(6) and personal property described in section 8(h), (i), and~~
20 ~~(j).~~ This subdivision does not apply to that portion of the
21 property not subject to the leasehold interest conveyed.

22 (h) A conveyance of an ownership interest in a corporation,
23 partnership, sole proprietorship, limited liability company,
24 limited liability partnership, or other legal entity if the
25 ownership interest conveyed is more than 50% of the corporation,
26 partnership, sole proprietorship, limited liability company,
27 limited liability partnership, or other legal entity. Unless

1 notification is provided under subsection (10), the corporation,
2 partnership, sole proprietorship, limited liability company,
3 limited liability partnership, or other legal entity shall notify
4 the ~~assessing officer~~ **ASSESSOR** on a form provided by the state
5 tax commission not more than 45 days after a conveyance of an
6 ownership interest that constitutes a transfer of ownership under
7 this subdivision.

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

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

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

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

17 (b) A transfer from a husband, a wife, or a husband and wife
18 creating or disjoining a tenancy by the entirety in the grantors
19 or the grantor and his or her spouse.

20 (c) A transfer of that portion of property subject to a life
21 estate or life lease retained by the transferor, until expiration
22 or termination of the life estate or life lease. That portion of
23 property transferred that is not subject to a life lease shall be
24 adjusted under subsection (3).

25 (d) A transfer through foreclosure or forfeiture of a recorded
26 instrument under chapter 31, 32, or 57 of the revised judicature
27 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3280 and MCL 600.5701

1 to 600.5785, or through deed or conveyance in lieu of a foreclosure
2 or forfeiture, until the mortgagee or land contract vendor
3 subsequently transfers the property. If a mortgagee does not
4 transfer the property within 1 year of the expiration of any
5 applicable redemption period, the property shall be adjusted under
6 subsection (3).

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

9 (f) A conveyance to a trust if the settlor or the settlor's
10 spouse, or both, conveys the property to the trust and the sole
11 present beneficiary of the trust is the settlor or the settlor's
12 spouse, or both.

13 (g) A transfer pursuant to a judgment or order of a court of
14 record making or ordering a transfer, unless a specific monetary
15 consideration is specified or ordered by the court for the
16 transfer.

17 (h) A transfer creating or terminating a joint tenancy between
18 2 or more persons if at least 1 of the persons was an original
19 owner of the property before the joint tenancy was initially
20 created and, if the property is held as a joint tenancy at the time
21 of conveyance, at least 1 of the persons was a joint tenant when
22 the joint tenancy was initially created and that person has
23 remained a joint tenant since the joint tenancy was initially
24 created. A joint owner at the time of the last transfer of
25 ownership of the property is an original owner of the property. For
26 purposes of this subdivision, a person is an original owner of
27 property owned by that person's spouse.

1 (i) A transfer for security or an assignment or discharge of a
2 security interest.

3 (j) A transfer of real property or other ownership interests
4 among members of an affiliated group. As used in this subsection,
5 "affiliated group" means 1 or more corporations connected by stock
6 ownership to a common parent corporation. Upon request by the state
7 tax commission, a corporation shall furnish proof within 45 days
8 that a transfer meets the requirements of this subdivision. A
9 corporation that fails to comply with a request by the state tax
10 commission under this subdivision is subject to a fine of \$200.00.

11 (k) Normal public trading of shares of stock or other
12 ownership interests that, over any period of time, cumulatively
13 represent more than 50% of the total ownership interest in a
14 corporation or other legal entity and are traded in multiple
15 transactions involving unrelated individuals, institutions, or
16 other legal entities.

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

1 (m) A direct or indirect transfer of real property or other
2 ownership interests resulting from a transaction that qualifies as
3 a tax-free reorganization under section 368 of the internal revenue
4 code of 1986. Upon request by the state tax commission, a property
5 owner shall furnish proof within 45 days that a transfer meets the
6 requirements of this subdivision. A property owner who fails to
7 comply with a request by the state tax commission under this
8 subdivision is subject to a fine of \$200.00.

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

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

1 (ii) The property is subject to the recapture tax provided for
2 under the agricultural property recapture act, **2000 PA 261, MCL**
3 **211.1001 TO 211.1007.**

4 (8) If all of the following conditions are satisfied, the
5 local tax collecting unit shall revise the taxable value of
6 qualified agricultural property taxable on the tax roll in the
7 possession of that local tax collecting unit to the taxable value
8 that qualified agricultural property would have had if there had
9 been no transfer of ownership of that qualified agricultural
10 property since December 31, 1999 and there had been no adjustment
11 of that qualified agricultural property's taxable value under
12 subsection (3) since December 31, 1999:

13 (a) The qualified agricultural property was qualified
14 agricultural property for taxes levied in 1999 and each year after
15 1999.

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

19 (9) If the taxable value of qualified agricultural property is
20 adjusted under subsection (8), the owner of that qualified
21 agricultural property shall not be entitled to a refund for any
22 property taxes collected under this act on that qualified
23 agricultural property before the adjustment under subsection (8).

24 (10) The register of deeds of the county where deeds or other
25 title documents are recorded shall notify the ~~assessing officer~~
26 **ASSESSOR** of the appropriate local taxing unit not less than once
27 each month of any recorded transaction involving the ownership of

1 property and shall make any recorded deeds or other title documents
2 available to that county's tax or equalization department. Unless
3 notification is provided under subsection (6), the buyer, grantee,
4 or other transferee of the property shall notify the appropriate
5 assessing office in the local unit of government in which the
6 property is located of the transfer of ownership of the property
7 within 45 days of the transfer of ownership, on a form prescribed
8 by the state tax commission that states the parties to the
9 transfer, the date of the transfer, the actual consideration for
10 the transfer, and the property's parcel identification number or
11 legal description. Forms filed in the assessing office of a local
12 unit of government under this subsection shall be made available to
13 the county tax or equalization department for the county in which
14 that local unit of government is located. This subsection does not
15 apply to personal property. ~~except buildings described in section~~
16 ~~14(6) and personal property described in section 8(h), (i), and~~
17 ~~(j).~~

18 (11) As used in this section:

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

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

23 (c) "Converted by a change in use" means that term as defined
24 in the agricultural property recapture act, **2000 PA 261, MCL**
25 **211.1001 TO 211.1007.**

26 (d) "Inflation rate" means that term as defined in section
27 34d.

1 (e) "Losses" means that term as defined in section 34d.

2 (f) "Qualified agricultural property" means that term as
3 defined in section 7dd.

4 Sec. 27b. (1) If the buyer, grantee, or other transferee in
5 the immediately preceding transfer of ownership of property does
6 not notify the ~~appropriate assessing officer~~ **ASSESSOR** as required
7 ~~by~~ **UNDER** section ~~27a(8)~~ **27A(10) OR, FOR QUALIFIED AGRICULTURAL**
8 **PROPERTY, UNDER SECTION 27E**, the property's taxable value shall be
9 adjusted under section 27a(3) **OR, FOR QUALIFIED AGRICULTURAL**
10 **PROPERTY, UNDER SECTION 27E(3)** and all of the following shall be
11 levied:

12 (a) Any additional taxes that would have been levied if the
13 transfer of ownership had been recorded as required under this act
14 from the date of transfer.

15 (b) Interest and penalty from the date the tax would have been
16 originally levied.

17 (c) A penalty of \$5.00 per day for each separate failure
18 beginning after the 45 days have elapsed, up to a maximum of
19 \$200.00.

20 (2) The ~~appropriate assessing officer~~ **ASSESSOR** shall certify
21 for collection to the treasurer of the local tax collecting unit if
22 the local tax collecting unit has possession of the tax roll or the
23 county treasurer if the county has possession of the tax roll any
24 additional taxes due under subsection (1)(a) and any penalty due
25 under subsection (1)(c).

26 (3) The treasurer of the local tax collecting unit if the
27 local tax collecting unit has possession of the tax roll or the

1 county treasurer if the county has possession of the tax roll shall
2 collect any taxes, interest, and penalty due pursuant to this
3 section, and shall immediately prepare and submit a corrected tax
4 bill for any additional taxes due under subsection (1)(a) and any
5 interest and penalty due under subsection (1)(b). A penalty due
6 under subsection (1)(c) may be collected with the immediately
7 succeeding regular tax bill.

8 (4) Any taxes, interest, and penalty collected pursuant to
9 subsection (1)(a) and (b) shall be distributed in the same manner
10 as other delinquent taxes, interest, and penalties are distributed
11 under this act. Any penalty collected under subsection (1)(c) shall
12 be distributed to the local tax collecting unit.

13 (5) The governing body of a local tax collecting unit may
14 waive, by resolution, the penalty levied under subsection (1)(c).

15 (6) If the taxable value of property is increased under this
16 section, the ~~appropriate assessing officer~~ **ASSESSOR** shall
17 immediately notify by first-class mail the owner of that property
18 of that increase in taxable value. A buyer, grantee, or other
19 transferee may appeal any increase in taxable value or the levy of
20 any additional taxes, interest, and penalties under subsection (1)
21 to the Michigan tax tribunal within 35 days of receiving the notice
22 of the increase in the property's taxable value. An appeal under
23 this subsection is limited to the issues of whether a transfer of
24 ownership has occurred and correcting arithmetic errors. A dispute
25 regarding the valuation of the property is not a basis for appeal
26 under this subsection.

27 (7) If the taxable value of property is adjusted under

subsection (1), the ~~assessing officer~~ **ASSESSOR** making the adjustment shall file an affidavit with all officials responsible for determining assessment figures, rate of taxation, or mathematical calculations for that property within 30 days of the date the adjustment is made. The affidavit shall state the amount of the adjustment and the amount of additional taxes levied. The officials with whom the affidavit is filed shall correct all official records for which they are responsible to reflect the adjustment and levy.

Sec. 27c. If the buyer, grantee, or other transferee in any preceding transfer of ownership of property does not notify the ~~appropriate assessing office~~ **ASSESSOR** as required by section ~~27a(8)~~ **27A(10) OR, FOR QUALIFIED AGRICULTURAL PROPERTY, UNDER SECTION 27E(5)**, a taxing unit may sue that buyer, grantee, or other transferee as provided in section 47 for all of the following:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) A penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

SEC. 27E. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, BEGINNING DECEMBER 31, 2004, PROPERTY THAT IS QUALIFIED AGRICULTURAL PROPERTY SHALL BE ASSESSED AT 50% OF ITS AGRICULTURAL USE VALUE UNDER SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION

1 OF 1963.

2 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), FOR TAXES
3 LEVIED IN 2005 AND FOR EACH YEAR AFTER 2005, THE TAXABLE VALUE OF
4 EACH PARCEL OF QUALIFIED AGRICULTURAL PROPERTY IS THE LESSER OF THE
5 FOLLOWING:

6 (A) THE QUALIFIED AGRICULTURAL PROPERTY'S TAXABLE VALUE IN THE
7 IMMEDIATELY PRECEDING YEAR MINUS ANY LOSSES, MULTIPLIED BY THE
8 LESSER OF 1.05 OR THE INFLATION RATE, PLUS ALL ADDITIONS.

9 (B) THE QUALIFIED AGRICULTURAL PROPERTY'S CURRENT AGRICULTURAL
10 USE VALUE.

11 (C) THE TAXABLE VALUE THE PROPERTY WOULD HAVE HAD IF THE
12 PROPERTY'S TAXABLE VALUE HAD BEEN DETERMINED UNDER SECTION 27A.

13 (3) UPON A TRANSFER OF OWNERSHIP OF QUALIFIED AGRICULTURAL
14 PROPERTY AND IF THE PROPERTY REMAINS QUALIFIED AGRICULTURAL
15 PROPERTY, THE QUALIFIED AGRICULTURAL PROPERTY'S TAXABLE VALUE FOR
16 THE CALENDAR YEAR FOLLOWING THE YEAR OF THE TRANSFER IS THE
17 PROPERTY'S TAXABLE VALUE FOR THE CALENDAR YEAR IMMEDIATELY
18 PRECEDING THE TRANSFER ADJUSTED AS FOLLOWS:

19 (A) FOR TAXES LEVIED AFTER DECEMBER 31, 2003 AND BEFORE
20 JANUARY 1, 2005, AS PROVIDED IN SECTION 27A(2).

21 (B) FOR TAXES LEVIED AFTER DECEMBER 31, 2004, AS PROVIDED IN
22 SUBSECTION (2).

23 (4) UPON A TRANSFER OF OWNERSHIP OF QUALIFIED AGRICULTURAL
24 PROPERTY AND IF THE PROPERTY DOES NOT REMAIN QUALIFIED AGRICULTURAL
25 PROPERTY, THE TAXABLE VALUE OF THE PROPERTY SHALL BE ADJUSTED UNDER
26 SECTION 27A(3).

27 (5) THE REGISTER OF DEEDS OF THE COUNTY WHERE DEEDS OR OTHER

1 TITLE DOCUMENTS ARE RECORDED SHALL NOTIFY THE ASSESSOR NOT LESS
2 THAN ONCE EACH MONTH OF ANY RECORDED TRANSACTION INVOLVING THE
3 OWNERSHIP OF QUALIFIED AGRICULTURAL PROPERTY AND SHALL MAKE ANY
4 RECORDED DEEDS OR OTHER TITLE DOCUMENTS AVAILABLE TO THE ASSESSOR.
5 THE BUYER, GRANTEE, OR OTHER TRANSFEREE OF THE QUALIFIED
6 AGRICULTURAL PROPERTY SHALL NOTIFY THE ASSESSOR OF THE LOCAL TAX
7 COLLECTING UNIT IN WHICH THE QUALIFIED AGRICULTURAL PROPERTY IS
8 LOCATED OF THE TRANSFER OF OWNERSHIP OF THE QUALIFIED AGRICULTURAL
9 PROPERTY WITHIN 45 DAYS OF THE TRANSFER OF OWNERSHIP, ON A FORM
10 PRESCRIBED BY THE STATE TAX COMMISSION THAT STATES THE PARTIES TO
11 THE TRANSFER, THE DATE OF THE TRANSFER, THE ACTUAL CONSIDERATION
12 FOR THE TRANSFER, AND THE QUALIFIED AGRICULTURAL PROPERTY'S PARCEL
13 IDENTIFICATION NUMBER OR LEGAL DESCRIPTION. FORMS FILED IN THE
14 ASSESSING OFFICE OF A LOCAL TAX COLLECTING UNIT UNDER THIS
15 SUBSECTION SHALL BE MADE AVAILABLE TO THE COUNTY TAX OR
16 EQUALIZATION DEPARTMENT FOR THAT COUNTY. THIS SUBSECTION DOES NOT
17 APPLY TO PERSONAL PROPERTY.

18 (6) THE OWNER OF QUALIFIED AGRICULTURAL PROPERTY SHALL RESCIND
19 THE EXEMPTION PURSUANT TO SECTION 7EE(5) IF PROPERTY EXEMPT AS
20 QUALIFIED AGRICULTURAL PROPERTY IS NO LONGER QUALIFIED AGRICULTURAL
21 PROPERTY. IF AN EXEMPTION FOR PROPERTY EXEMPT AS QUALIFIED
22 AGRICULTURAL PROPERTY IS RESCINDED AND THAT PROPERTY HAD BEEN
23 ASSESSED BASED ON ITS AGRICULTURAL USE VALUE UNDER THIS SECTION,
24 THE PROPERTY'S TAXABLE VALUE SHALL BE ADJUSTED AS OF DECEMBER 31 IN
25 THE YEAR IN WHICH THE QUALIFIED AGRICULTURAL PROPERTY'S EXEMPTION
26 IS RESCINDED AS FOLLOWS:

27 (A) IF THERE WAS NOT A TRANSFER OF OWNERSHIP OF THE PROPERTY

1 AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
2 SECTION, THE PROPERTY'S TAXABLE VALUE SHALL BE ADJUSTED TO THE
3 TAXABLE VALUE THE PROPERTY WOULD HAVE HAD AS DETERMINED UNDER
4 SECTION 27A(2) IF THE PROPERTY HAD NOT BEEN SUBJECT TO ASSESSMENT
5 UNDER THIS SECTION.

6 (B) IF THERE WAS A TRANSFER OF OWNERSHIP OF THE PROPERTY AFTER
7 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION,
8 THE PROPERTY'S TAXABLE VALUE SHALL BE ADJUSTED AS PROVIDED IN
9 SECTION 27A(3).

10 (7) AS USED IN THIS SECTION:

11 (A) "ADDITIONS" MEANS THAT TERM AS DEFINED IN SECTION 34D.

12 (B) "AGRICULTURAL USE" MEANS THAT TERM AS DEFINED IN SECTION
13 34C(2)(A).

14 (C) "AGRICULTURAL USE VALUE" MEANS THE VALUE OF PROPERTY IN
15 AGRICULTURAL USE AND NOT THE PROPERTY'S HIGHEST AND BEST USE.

16 (D) "BENEFICIAL USE" MEANS THE RIGHT TO POSSESSION, USE, AND
17 ENJOYMENT OF PROPERTY, LIMITED ONLY BY ENCUMBRANCES, EASEMENTS, AND
18 RESTRICTIONS OF RECORD.

19 (E) "INFLATION RATE" MEANS THAT TERM AS DEFINED IN SECTION
20 34D.

21 (F) "LOSSES" MEANS THAT TERM AS DEFINED IN SECTION 34D.

22 (G) "QUALIFIED AGRICULTURAL PROPERTY" MEANS PROPERTY EXEMPT
23 FROM THE TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING
24 PURPOSES UNDER SECTION 7EE.

25 (H) "TRANSFER OF OWNERSHIP" MEANS THAT TERM AS DEFINED IN
26 SECTION 27A.

27 Sec. 34. (1) The county board of commissioners in each county

1 shall meet in April each year to determine **THE** county equalized
 2 value, which ~~equalization~~ shall be completed and submitted along
 3 with the tabular statement required by section 5 of ~~Act No. 44 of~~
 4 ~~the Public Acts of 1911, being section 209.5 of the Michigan~~
 5 ~~Compiled Laws~~ **1911 PA 44, MCL 209.5**, to the state tax commission
 6 before the first Monday in May. The business ~~which~~ **THAT** the
 7 **COUNTY** board **OF COMMISSIONERS** may perform shall be conducted at a
 8 public meeting of the **COUNTY** board **OF COMMISSIONERS** held in
 9 compliance with the open meetings act, ~~Act No. 267 of the Public~~
 10 ~~Acts of 1976, as amended, being sections 15.261 to 15.275 of the~~
 11 ~~Michigan Compiled Laws~~ **1976 PA 267, MCL 15.261 TO 15.275**. Public
 12 notice of the time, date, and place of the meeting shall be given
 13 in the manner required by ~~Act No. 267 of the Public Acts of 1976,~~
 14 ~~as amended~~ **THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO**
 15 **15.275**. Each year the county board of commissioners shall advise
 16 the local taxing units ~~when~~ **IF** the state tax commission increases
 17 the equalized value of the county as established by the ~~board of~~
 18 county **BOARD OF** commissioners and each taxing unit other than a
 19 city, township, school district, intermediate school district, or
 20 community college district, shall immediately reduce its maximum
 21 authorized millage rate, as determined after any reduction ~~caused~~
 22 ~~by~~ **PURSUANT TO** section 34d, so that ~~subsequent to~~ **AFTER** the
 23 increase ordered by the state tax commission pursuant to ~~Act No.~~
 24 ~~44 of the Public Acts of 1911, as amended, being sections 209.1 to~~
 25 ~~209.8 of the Michigan Compiled Laws~~ **1911 PA 44, MCL 209.1 TO**
 26 **209.8**, total property taxes levied for that unit shall not exceed
 27 that which would have been levied for that unit at its maximum

1 authorized millage rate, as determined after any reduction ~~caused~~
 2 ~~by~~ **PURSUANT TO** section 34d, if there had not been an increase in
 3 valuation by the state **TAX COMMISSION**. If its state equalized
 4 valuation exceeds its assessed valuation by 5.0% or more in 1982 or
 5 by any amount in 1983 or any year ~~thereafter~~ **AFTER 1983**, a city
 6 or township shall reduce its maximum authorized millage rate, as
 7 determined after any reduction ~~caused by~~ **PURSUANT TO** section 34d,
 8 so that total property taxes levied for that unit do not exceed
 9 that which would have been levied based on its assessed valuation.

10 (2) The county board of commissioners shall examine the
 11 assessment rolls of the townships or cities and ascertain whether
 12 the real and personal property in the respective townships or
 13 cities has been equally and uniformly assessed ~~at true cash value~~
 14 **AS REQUIRED UNDER THIS ACT**. If, on the examination, the county
 15 board of commissioners considers the assessments to be relatively
 16 unequal, it shall equalize the assessments by adding to or
 17 deducting from the valuation of the taxable property ~~in a township~~
 18 ~~or city~~ an amount ~~which~~ **THAT** in the judgment of the county board
 19 of commissioners will produce a sum ~~which~~ **THAT** represents the
 20 true cash value of that property **AND, FOR QUALIFIED AGRICULTURAL**
 21 **PROPERTY, THE AGRICULTURAL USE VALUE**, and the amount added to or
 22 deducted from the valuations ~~in a township or city~~ shall be
 23 entered upon the records. The county board of commissioners and the
 24 state tax commission shall equalize real and personal property
 25 separately by adding to or deducting from the valuation of taxable
 26 real property, and by adding to or deducting from the valuation of
 27 taxable personal property in a township, city, or county, an amount

1 ~~which~~ **THAT** will produce a sum ~~which~~ **THAT** represents the
2 proportion of true cash value established by the legislature **AND,**
3 **FOR QUALIFIED AGRICULTURAL PROPERTY, THE AGRICULTURAL USE VALUE.**
4 Beginning December 31, 1980, the county board of commissioners and
5 the state tax commission shall equalize separately the following
6 classes of real property by adding to or deducting from the
7 valuation of agricultural, ~~developmental,~~ residential,
8 commercial, industrial, and timber cutover taxable real property,
9 and by adding to or deducting from the valuation of taxable
10 personal property in a township, city, or county, an amount ~~as~~
11 **THAT** will produce a sum ~~which~~ **THAT** represents the proportion of
12 true cash value established by the legislature **AND, FOR QUALIFIED**
13 **AGRICULTURAL PROPERTY, THE AGRICULTURAL USE VALUE.** The tax roll and
14 the tax statement shall clearly set forth the latest state
15 equalized valuation for each item or property, which shall be
16 determined by using a separate factor for personal property and a
17 separate factor for real property as equalized. Beginning December
18 31, 1980, the tax roll and the tax statement shall clearly set
19 forth the latest state equalized valuation for each item or
20 property, which shall be determined by using a separate factor for
21 personal property and a separate factor for each classification for
22 real property as equalized. Factors used in determining the state
23 equalized valuation for real and personal property on the tax roll
24 shall be rounded up to not less than 4 decimal places. Equalized
25 values for both real and personal property shall be equalized
26 uniformly at the same proportion of true cash value in the county.
27 The county board of commissioners shall also cause to be entered

1 upon its records the aggregate valuation of the taxable real and
2 personal property of each township or city in its county as
3 determined by the county board **OF COMMISSIONERS**. The county board
4 of commissioners shall also make alterations in the description of
5 any ~~land~~ **PROPERTY** on the rolls ~~as is~~ necessary to render the
6 descriptions conformable to the requirements of this act. After the
7 rolls are equalized, each shall be certified ~~to~~ by the
8 chairperson and the clerk of the **COUNTY** board **OF COMMISSIONERS** and
9 be delivered to the supervisor of the proper township or city, who
10 shall file and keep the roll in his or her office.

11 (3) The county board of commissioners of a county shall
12 establish and maintain a department to survey assessments and
13 assist the board of commissioners in the matter of equalization of
14 assessments, and may employ in that department **NECESSARY** technical
15 and clerical personnel. ~~which in its judgment are considered~~
16 ~~necessary.~~ The personnel of the department shall be under the
17 direct supervision and control of a director of the tax or
18 equalization department who may designate an employee of the
19 department as his or her deputy. The director of the county tax or
20 equalization department shall be appointed by the county board of
21 commissioners. The county board of commissioners, through the
22 department, may furnish assistance to local assessing officers in
23 the performance of duties imposed upon those officers ~~by~~ **UNDER**
24 this act, including the development and maintenance of accurate
25 property descriptions, the discovery, listing, and valuation of
26 properties for tax purposes, and the development and use of uniform
27 valuation standards and techniques for the assessment of property.

1 (4) The supervisor of a township or, with the approval of the
2 governing body, the certified assessor of a township or city, or
3 the intermediate district board of education, or the board of
4 education of an incorporated city or village aggrieved by the
5 action of the county board of commissioners ~~—~~ in equalizing the
6 valuations of the townships or cities of the county ~~—~~ may appeal
7 from the determination to the ~~state~~ tax tribunal in the manner
8 provided by law. An appeal from the determination by the county
9 board of commissioners shall be filed with the clerk of the
10 tribunal by a written or printed petition ~~which~~ **THAT** shall set
11 forth in detail the reasons for taking the appeal. The petition
12 shall be signed and sworn to by the supervisor, the certified
13 assessor, or a majority of the members of the board of education
14 taking the appeal, shall show that a certain township, city, or
15 school district has been discriminated against in the equalization,
16 and shall ~~pray~~ **REQUEST** that the ~~state~~ tax tribunal proceed at
17 its earliest convenience to review the action from which the appeal
18 is taken. The ~~state~~ tax tribunal shall ~~—, upon hearing,~~
19 determine if ~~in its judgment there is a showing that~~ the
20 equalization complained of is unfair, unjust, inequitable, or
21 discriminatory. The ~~state~~ tax tribunal ~~shall have~~ **HAS** the same
22 authority to consider and pass upon the action and determination of
23 the county board of commissioners in equalizing valuations as it
24 has to consider complaints relative to the assessment and taxation
25 of property. The ~~state~~ tax tribunal may order the county board of
26 commissioners to reconvene and to cause the assessment rolls of the
27 county to be brought before it, may summon the commissioners of the

1 county to give evidence in relation to the equalization, and may
2 take further action and may make further investigation ~~in the~~
3 ~~premises~~ as it considers necessary. The ~~state~~ tax tribunal shall
4 fix a valuation on all property of the county. If the ~~state~~ tax
5 tribunal decides that the determination and equalization made by
6 the county board of commissioners is correct, further action shall
7 not be taken. If the ~~state~~ tax tribunal, after the hearing,
8 decides that the valuations of the county were improperly
9 equalized, it shall proceed to make deductions from, or additions
10 to, the valuations of the respective townships, cities, or school
11 districts as ~~may be considered proper~~ **NECESSARY**, ~~and in so doing~~
12 ~~the tribunal shall have~~ **WITH** the same powers ~~as~~ **THAT** the county
13 board of commissioners had in the first instance. The deductions or
14 additions shall decrease or increase the state equalized valuation
15 of the local unit affected but shall not increase or decrease the
16 total state equalized valuation of the county in the case of an
17 appeal under this section to the ~~state~~ tax tribunal. If the tax
18 tribunal finds that the valuations of a class of property in a
19 county were improperly equalized by that county and determines that
20 the total value of that class of property in the county may not be
21 at the level required by law, prior to entry of a final order —
22 the tax tribunal shall forward its findings and determination to
23 the state tax commission. Within 90 days after receiving the
24 findings and determination of the tax tribunal, the state tax
25 commission shall determine whether the state equalized valuation of
26 that class of property in the county was set at the level
27 prescribed by law or should be revised to provide uniformity among

1 the counties and shall enter an order consistent with the state tax
2 commission's findings. The tax tribunal shall enter a final order
3 based upon the revised state equalized valuation, if any, ~~which~~
4 **THAT** is adopted by the state tax commission. The ~~state~~ tax
5 tribunal immediately after completing its revision of the
6 equalization of the valuation of the several assessment districts
7 shall report its action to the county board of commissioners and
8 board of education if the board has instituted the appeal by filing
9 its report with the clerk of the county board of commissioners. The
10 action of the ~~state~~ tax tribunal ~~in the premises~~ shall
11 constitute the equalization of the county for the tax year.

12 ~~—— (5) For purposes of appeals pursuant to subsection (4) in 1981~~
13 ~~only, an agent of a supervisor, including an assessor, shall be~~
14 ~~considered to have the authority to file and sign a petition for an~~
15 ~~appeal, and any otherwise timely submitted petition in 1981 by an~~
16 ~~agent of a supervisor shall be reviewed by the tribunal as if~~
17 ~~submitted by the supervisor.~~

18 Sec. 34c. (1) Not later than the first Monday in March in each
19 year, the assessor shall classify every item of assessable property
20 according to the definitions contained in this section. Following
21 the March board of review, the assessor shall tabulate the total
22 number of items and the valuations as approved by the board of
23 review for each classification and for the totals of real and
24 personal property in the local tax collecting unit. The assessor
25 shall transmit to the county equalization department and to the
26 state tax commission the tabulation of assessed valuations and
27 other statistical information the state tax commission considers

1 necessary to meet the requirements of this act and 1911 PA 44, MCL
2 209.1 to 209.8.

3 (2) The classifications of assessable real property are
4 described as follows:

5 (a) Agricultural real property includes parcels used partially
6 or wholly for agricultural ~~operations~~ **USE**, with or without
7 buildings, and parcels assessed to the department of natural
8 resources and valued by the state tax commission. For taxes levied
9 after December 31, 2002, agricultural real property includes

10 buildings on leased land used for agricultural operations. As used
11 in this subdivision, "agricultural ~~operations~~" ~~means the following:~~

12 ~~—— (i) Farming in all its branches, including cultivating soil.~~

13 ~~—— (ii) Growing and harvesting any agricultural, horticultural, or~~
14 ~~floricultural commodity.~~

15 ~~—— (iii) Dairying.~~

16 ~~—— (iv) Raising livestock, bees, fish, fur bearing animals, or~~
17 ~~poultry.~~

18 ~~—— (v) Turf and tree farming.~~

19 ~~—— (vi) Performing any practices on a farm incident to, or in~~

20 ~~conjunction with, farming operations. A~~ **USE" MEANS THE PRODUCTION**

21 **OF PLANTS AND ANIMALS USEFUL TO HUMANS, INCLUDING FORAGES AND SOD**

22 **CROPS; GRAINS, FEED CROPS, AND FIELD CROPS; DAIRY AND DAIRY**

23 **PRODUCTS; POULTRY AND POULTRY PRODUCTS; LIVESTOCK, INCLUDING**

24 **BREEDING AND GRAZING OF CATTLE, SWINE, CAPTIVE CERVIDAE, AND**

25 **SIMILAR ANIMALS; BERRIES; HERBS; FLOWERS; SEEDS; GRASSES; NURSERY**

26 **STOCK; FRUITS; VEGETABLES; CHRISTMAS TREES; AND OTHER SIMILAR USES**

27 **AND ACTIVITIES. AGRICULTURAL USE INCLUDES PROPERTY ENROLLED IN A**

1 **FEDERAL ACREAGE SET-ASIDE PROGRAM OR A FEDERAL CONSERVATION**
 2 **PROGRAM. AGRICULTURAL USE DOES NOT INCLUDE THE MANAGEMENT AND**
 3 **HARVESTING OF A WOODLOT, OR A** commercial storage, processing,
 4 distribution, marketing, or shipping operation. ~~is not part of~~
 5 ~~agricultural operations.~~

6 (b) Commercial real property includes the following:

7 (i) Platted or unplatted parcels used for commercial purposes,
 8 whether wholesale, retail, or service, with or without buildings.

9 (ii) Parcels used by fraternal societies.

10 (iii) Parcels used as golf courses, boat clubs, ski areas, or
 11 apartment buildings with more than 4 units.

12 (iv) For taxes levied after December 31, 2002, buildings on
 13 leased land used for commercial purposes.

14 ~~—— (c) Developmental real property includes parcels containing~~
 15 ~~more than 5 acres without buildings, or more than 15 acres with a~~
 16 ~~market value in excess of its value in use. Developmental real~~
 17 ~~property may include farm land or open space land adjacent to a~~
 18 ~~population center, or farm land subject to several competing~~
 19 ~~valuation influences.~~

20 (C) ~~(d)~~ Industrial real property includes the following:

21 (i) Platted or unplatted parcels used for manufacturing and
 22 processing purposes, with or without buildings.

23 (ii) Parcels used for utilities sites for generating plants,
 24 pumping stations, switches, substations, compressing stations,
 25 warehouses, rights-of-way, flowage land, and storage areas.

26 (iii) Parcels used for removal or processing of gravel, stone,
 27 or mineral ores, whether valued by the local assessor or by the

1 state geologist.

2 (iv) For taxes levied after December 31, 2002, buildings on
3 leased land used for industrial purposes.

4 (v) For taxes levied after December 31, 2002, buildings on
5 leased land for utility purposes.

6 **(D)** ~~—(e)—~~ Residential real property includes the following:

7 (i) Platted or unplatted parcels, with or without buildings,
8 and condominium apartments located within or outside a village or
9 city, which are used for, or probably will be used for, residential
10 purposes.

11 (ii) Parcels that are used for, or probably will be used for,
12 recreational purposes, such as lake lots and hunting lands, located
13 in an area used predominantly for recreational purposes.

14 (iii) For taxes levied after December 31, 2002, a home, cottage,
15 or cabin on leased land, and a mobile home that would be assessable
16 as real property under section 2a except that the land on which it
17 is located is not assessable because the land is exempt.

18 **(E)** ~~—(f)—~~ Timber-cutover real property includes parcels that
19 are stocked with forest products of merchantable type and size,
20 cutover forest land with little or no merchantable products, and
21 marsh lands or other barren land. However, when a typical purchase
22 of this type of land is for residential or recreational uses, the
23 classification shall be changed to residential.

24 (3) The classifications of assessable personal property are
25 described as follows:

26 (a) Agricultural personal property includes any agricultural
27 equipment and produce not exempt by law.

1 (b) Commercial personal property includes the following:

2 (i) All equipment, furniture, and fixtures on commercial
3 parcels, and inventories not exempt by law.

4 (ii) All outdoor advertising signs and billboards.

5 (iii) Well drilling rigs and other equipment attached to a
6 transporting vehicle but not designed for operation while the
7 vehicle is moving on the highway.

8 (iv) Unlicensed commercial vehicles or commercial vehicles
9 licensed as special mobile equipment or by temporary permits.

10 (c) Industrial personal property includes the following:

11 (i) All machinery and equipment, furniture and fixtures, and
12 dies on industrial parcels, and inventories not exempt by law.

13 (ii) Personal property of mining companies valued by the state
14 geologist.

15 (d) For taxes levied before January 1, 2003, residential
16 personal property includes a home, cottage, or cabin on leased
17 land, and a mobile home that would be assessable as real property
18 under section 2a except that the land on which it is located is not
19 assessable because the land is exempt.

20 (e) Utility personal property includes the following:

21 (i) Electric transmission and distribution systems, substation
22 equipment, spare parts, gas distribution systems, and water
23 transmission and distribution systems.

24 (ii) Oil wells and allied equipment such as tanks, gathering
25 lines, field pump units, and buildings.

26 (iii) Inventories not exempt by law.

27 (iv) Gas wells with allied equipment and gathering lines.

1 (v) Oil or gas field equipment stored in the open or in
2 warehouses such as drilling rigs, motors, pipes, and parts.

3 (vi) Gas storage equipment.

4 (vii) Transmission lines of gas or oil transporting companies.

5 (4) For taxes levied before January 1, 2003, buildings on
6 leased land of any classification are improvements where the owner
7 of the improvement is not the owner of the land or fee, the value
8 of the land is not assessed to the owner of the building, and the
9 improvement has been assessed as personal property pursuant to
10 section 14(6).

11 (5) If the total usage of a parcel includes more than 1
12 classification, the assessor shall determine the classification
13 that most significantly influences the total valuation of the
14 parcel.

15 (6) An owner of any assessable property who disputes the
16 classification of that parcel shall notify the assessor and may
17 protest the assigned classification to the March board of review.
18 An owner or assessor may appeal the decision of the March board of
19 review by filing a petition with the state tax commission not later
20 than June 30 in that tax year. The state tax commission shall
21 arbitrate the petition based on the written petition and the
22 written recommendations of the assessor and the state tax
23 commission staff. An appeal may not be taken from the decision of
24 the state tax commission regarding classification complaint
25 petitions and the state tax commission's determination is final and
26 binding for the year of the petition.

27 (7) The department of treasury may appeal the classification

1 of any assessable property to the residential and small claims
2 division of the Michigan tax tribunal not later than December 31 in
3 the tax year for which the classification is appealed.

4 (8) This section shall not be construed to encourage the
5 assessment of property at other than the uniform percentage of true
6 cash value prescribed by this act.

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

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

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

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

1 purposes of determining the taxable value of real property under
2 section 27a, the value of omitted real property is based on the
3 value and the ratio of taxable value to true cash value the omitted
4 real property would have had if the property had not been omitted.

5 (ii) Omitted personal property. As used in this subparagraph,
6 "omitted personal property" means previously existing tangible
7 personal property not included in the assessment. Omitted personal
8 property shall be added to the tax roll pursuant to section 154.

9 (iii) New construction. As used in this subparagraph, "new
10 construction" means property not in existence on the immediately
11 preceding tax day and not replacement construction. New
12 construction includes the physical addition of equipment or
13 furnishings, subject to the provisions set forth in section
14 27(2)(a) to (o). For purposes of determining the taxable value of
15 property under section 27a, the value of new construction is the
16 true cash value of the new construction multiplied by 0.50.

17 (iv) Previously exempt property. As used in this subparagraph,
18 "previously exempt property" means property that was exempt from ad
19 valorem taxation under this act on the immediately preceding tax
20 day but is subject to ad valorem taxation on the current tax day
21 under this act. For purposes of determining the taxable value of
22 real property under section 27a:

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

1 (B) The taxable value of property that is a facility as that
2 term is defined in section 2 of ~~Act No. 198 of the Public Acts of~~
3 ~~1974, being section 207.552 of the Michigan Compiled Laws~~ **1974 PA**
4 **198, MCL 207.552**, that was previously exempt under section 7k is
5 the taxable value that property would have had under this act if it
6 had not been exempt.

7 (C) The value of property previously exempt under any other
8 section of law is the true cash value of the previously exempt
9 property multiplied by 0.50.

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

25 (vi) An increase in taxable value attributable to the complete
26 or partial remediation of environmental contamination existing on
27 the immediately preceding tax day. The department of environmental

1 quality shall determine the degree of remediation based on
2 information available in existing department of environmental
3 quality records or information made available to the department of
4 environmental quality if the ~~appropriate assessing officer~~
5 **ASSESSOR** for a local tax collecting unit requests that
6 determination. The increase in taxable value attributable to the
7 remediation is the increase in true cash value attributable to the
8 remediation multiplied by a fraction the numerator of which is the
9 taxable value of the property had it not been contaminated and the
10 denominator of which is the true cash value of the property had it
11 not been contaminated.

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

26 (viii) Public services. As used in this subparagraph, "public
27 services" means water service, sewer service, a primary access

1 road, natural gas service, electrical service, telephone service,
2 sidewalks, or street lighting. For purposes of determining the
3 taxable value of real property under section 27a, the value of
4 public services is the amount of increase in true cash value of the
5 property attributable to the available public services multiplied
6 by 0.50 and shall be added in the calendar year following the
7 calendar year when those public services are initially available.

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

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

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

12 (iii) For the purposes of the calculation of the millage
13 reduction fraction under subsection (7) only, increased taxable
14 value under section 27a(3) **OR, FOR QUALIFIED AGRICULTURAL PROPERTY,**
15 **UNDER SECTION 27E(3)** after a transfer of ownership of property.

16 (d) "Assessed valuation of property as finally equalized"
17 means taxable value **AS DETERMINED** 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 adjustment in value, if any, because of a decrease in
18 the property's occupancy rate, to the extent provided by law. For
19 purposes of determining the taxable value of real property under
20 section 27a, the value of a loss for a decrease in the property's
21 occupancy rate is the product of the decrease in the true cash
22 value of the property attributable to the decreased occupancy rate
23 multiplied by a fraction the numerator of which is the taxable
24 value of the property in the immediately preceding year and the
25 denominator of which is the true cash value of the property in the
26 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~~ **ASSESSOR** 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 ~~classifications~~ **CATEGORIES** set forth in section 20120a(1) ~~of part 201 (environmental remediation)~~ of the natural resources and environmental protection act, ~~Act No. 451 of the Public Acts of 1994, being section 324.20120a of the Michigan Compiled Laws~~ **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.

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

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

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

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

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

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

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

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

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

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

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

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

19 (9) The millage reduction shall be determined separately for
20 authorized millage approved by the voters. The limitation on
21 millage authorized by the voters on or before May 31 of a year
22 shall be calculated beginning with the millage reduction fraction
23 for that year. Millage authorized by the voters after May 31 shall
24 not be subject to a millage reduction until the year following the
25 voter authorization which shall be calculated beginning with the
26 millage reduction fraction for the year following the
27 authorization. The first millage reduction fraction used in

1 calculating the limitation on millage approved by the voters after
2 January 1, 1979 shall not exceed 1.

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

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

23 (12) A reduction or limitation under this section shall not be
24 applied to taxes imposed for the payment of principal and interest
25 on bonds or other evidence of indebtedness or for the payment of
26 assessments or contract obligations in anticipation of which bonds
27 are issued that were authorized before December 23, 1978, as

1 provided by former section 4 of chapter I of ~~the municipal finance~~
2 ~~act, Act No. 202 of the Public Acts of 1943~~ **FORMER 1943 PA 202**, or
3 to taxes imposed for the payment of principal and interest on bonds
4 or other evidence of indebtedness or for the payment of assessments
5 or contract obligations in anticipation of which bonds are issued
6 that 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

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 ~~compound~~ **COMPOUNDED** millage reduction
4 applicable to that millage in 1994 pursuant to subsections (8) to
5 (12). The reduced maximum authorized rate or rates for 1995 and
6 each year after 1995 shall equal the product of the immediately
7 preceding year's reduced maximum authorized rate or rates
8 multiplied by the current year's millage reduction fraction and
9 shall be adjusted for millage for which authorization has expired
10 and new authorized millage approved by the voters pursuant to
11 subsections (8) to (12).

12 Enacting section 1. Section 7a of the general property tax
13 act, 1893 PA 206, MCL 211.7a, is repealed.

14 Enacting section 2. This amendatory act does not take effect
15 unless Senate Joint Resolution ____ or House Joint Resolution B
16 (request no. 00620'05) of the 93rd Legislature becomes a part of
17 the state constitution of 1963 as provided in section 1 of article
18 XII of the state constitution of 1963.