

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4376**

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 89c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

provided in subdivision (c), all of the following:

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

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

(iii) New construction. As used in this subparagraph, "new construction" means property not in existence on the immediately preceding tax day and not replacement construction. New construction includes the physical addition of equipment or furnishings, subject to the provisions set forth in section 27(2) (a) to (o). For purposes of determining the taxable value of

1 property under section 27a, the value of new construction is the
2 true cash value of the new construction multiplied by 0.50.

3 (iv) Previously exempt property. As used in this subparagraph,
4 "previously exempt property" means property that was exempt from ad
5 valorem taxation under this act on the immediately preceding tax
6 day but is subject to ad valorem taxation on the current tax day
7 under this act. For purposes of determining the taxable value of
8 real property under section 27a:

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

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

18 (C) The value of property previously exempt under any other
19 section of law is the true cash value of the previously exempt
20 property multiplied by 0.50.

21 (v) Replacement construction. As used in this subparagraph,
22 "replacement construction" means construction that replaced
23 property damaged or destroyed by accident or act of God and that
24 occurred after the immediately preceding tax day to the extent the
25 construction's true cash value does not exceed the true cash value
26 of property that was damaged or destroyed by accident or act of God
27 in the immediately preceding 3 years. For purposes of determining

1 the taxable value of property under section 27a, the value of the
2 replacement construction is the true cash value of the replacement
3 construction multiplied by a fraction the numerator of which is the
4 taxable value of the property to which the construction was added
5 in the immediately preceding year and the denominator of which is
6 the true cash value of the property to which the construction was
7 added in the immediately preceding year, and then multiplied by the
8 lesser of 1.05 or the inflation rate.

9 (vi) An increase in taxable value attributable to the complete
10 or partial remediation of environmental contamination existing on
11 the immediately preceding tax day. The department of environmental
12 quality shall determine the degree of remediation based on
13 information available in existing department of environmental
14 quality records or information made available to the department of
15 environmental quality if the appropriate assessing officer for a
16 local tax collecting unit requests that determination. The increase
17 in taxable value attributable to the remediation is the increase in
18 true cash value attributable to the remediation multiplied by a
19 fraction the numerator of which is the taxable value of the
20 property had it not been contaminated and the denominator of which
21 is the true cash value of the property had it not been
22 contaminated.

23 (vii) An increase in the value attributable to the property's
24 occupancy rate if either a loss, as that term is defined in this
25 section, had been previously allowed because of a decrease in the
26 property's occupancy rate or if the value of new construction was
27 reduced because of a below-market occupancy rate. For purposes of

1 determining the taxable value of property under section 27a, the
2 value of an addition for the increased occupancy rate is the
3 product of the increase in the true cash value of the property
4 attributable to the increased occupancy rate multiplied by a
5 fraction the numerator of which is the taxable value of the
6 property in the immediately preceding year and the denominator of
7 which is the true cash value of the property in the immediately
8 preceding year, and then multiplied by the lesser of 1.05 or the
9 inflation rate.

10 (viii) Public services. As used in this subparagraph, "public
11 services" means water service, sewer service, a primary access
12 road, natural gas service, electrical service, telephone service,
13 sidewalks, or street lighting. For purposes of determining the
14 taxable value of real property under section 27a, the value of
15 public services is the amount of increase in true cash value of the
16 property attributable to the available public services multiplied
17 by 0.50 and shall be added in the calendar year following the
18 calendar year when those public services are initially available.

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

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

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

23 (iii) For the purposes of the calculation of the millage
24 reduction fraction under subsection (7) only, increased taxable
25 value under section 27a(3) after a transfer of ownership of
26 property.

27 (d) "Assessed valuation of property as finally equalized"

1 means taxable value under section 27a.

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

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

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

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

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

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

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

11 (iv) A decrease in taxable value attributable to environmental
12 contamination existing on the immediately preceding tax day. The
13 department of environmental quality shall determine the degree to
14 which environmental contamination limits the use of property based
15 on information available in existing department of environmental
16 quality records or information made available to the department of
17 environmental quality if the appropriate assessing officer for a
18 local tax collecting unit requests that determination. The
19 department of environmental quality's determination of the degree
20 to which environmental contamination limits the use of property
21 shall be based on the criteria established for the categories set
22 forth in section 20120a(1) of the natural resources and
23 environmental protection act, 1994 PA 451, MCL 324.20120a. The
24 decrease in taxable value attributable to the contamination is the
25 decrease in true cash value attributable to the contamination
26 multiplied by a fraction the numerator of which is the taxable
27 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.

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

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

(2) On or before the first Monday in May of each year, the assessing officer of each township or city shall tabulate the tentative taxable value as approved by the local board of review and as modified by county equalization for each classification of property that is separately equalized for each unit of local government and provide the tabulated tentative taxable values to the county equalization director. The tabulation by the assessing officer shall contain additions and losses for each classification of property that is separately equalized for each unit of local government or part of a unit of local government in the township or city. If as a result of state equalization the taxable value of property changes, the assessing officer of each township or city

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

26 (3) On or before the first Monday in June of each year, the
27 county equalization director shall deliver the statement of the

1 computations signed by the county equalization director to the
2 county treasurer.

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

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

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

24 (7) A millage reduction fraction shall be determined for each
25 year for each local unit of government. For ad valorem property
26 taxes that became a lien before January 1, 1983, the numerator of
27 the fraction shall be the total state equalized valuation for the

1 immediately preceding year multiplied by the inflation rate and the
2 denominator of the fraction shall be the total state equalized
3 valuation for the current year minus new construction and
4 improvements. For ad valorem property taxes that become a lien
5 after December 31, 1982 and through December 31, 1994, the
6 numerator of the fraction shall be the product of the difference
7 between the total state equalized valuation for the immediately
8 preceding year minus losses multiplied by the inflation rate and
9 the denominator of the fraction shall be the total state equalized
10 valuation for the current year minus additions. For ad valorem
11 property taxes that are levied after December 31, 1994, the
12 numerator of the fraction shall be the product of the difference
13 between the total taxable value for the immediately preceding year
14 minus losses multiplied by the inflation rate and the denominator
15 of the fraction shall be the total taxable value for the current
16 year minus additions. For each year after 1993, a millage reduction
17 fraction shall not exceed 1.

18 (8) The compounded millage reduction fraction ~~for each year~~
19 ~~after 1980~~ shall be calculated by multiplying the local unit's
20 previous year's compounded millage reduction fraction by the
21 current year's millage reduction fraction. ~~Beginning with 1980 tax~~
22 ~~levies, the~~ **THE** compounded millage reduction fraction for the year
23 shall be multiplied by the maximum millage rate authorized by law
24 or charter for the unit of local government for the year, except as
25 provided by subsection (9). A compounded millage reduction fraction
26 shall not exceed 1.

27 (9) The millage reduction shall be determined separately for

1 authorized millage approved by the voters. The limitation on
2 millage authorized by the voters on or before April 30 of a year
3 shall be calculated beginning with the millage reduction fraction
4 for that year. Millage authorized by the voters after April 30
5 shall not be subject to a millage reduction until the year
6 following the voter authorization which shall be calculated
7 beginning with the millage reduction fraction for the year
8 following the authorization. The first millage reduction fraction
9 used in calculating the limitation on millage approved by the
10 voters after January 1, 1979 shall not exceed 1.

11 (10) A millage reduction fraction shall be applied separately
12 to the aggregate maximum millage rate authorized by a charter and
13 to each maximum millage rate authorized by state law for a specific
14 purpose.

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

1 applicable to that millage. If the election occurs after May 31 of
2 a year, the millage reduction shall be based on that year's millage
3 reduction applicable to that millage had it not expired.

4 (12) A reduction or limitation under this section shall not be
5 applied to taxes imposed for the payment of principal and interest
6 on bonds or other evidence of indebtedness or for the payment of
7 assessments or contract obligations in anticipation of which bonds
8 are issued that were authorized before December 23, 1978, as
9 provided by section 4 of chapter I of former 1943 PA 202, or to
10 taxes imposed for the payment of principal and interest on bonds or
11 other evidence of indebtedness or for the payment of assessments or
12 contract obligations in anticipation of which bonds are issued that
13 are approved by the voters after December 22, 1978.

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

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

26 (15) The fractions calculated pursuant to this section shall
27 be rounded to 4 decimal places, except that the inflation rate

1 shall be computed by the state tax commission and shall be rounded
2 to 3 decimal places. The state tax commission shall publish the
3 inflation rate before March 1 of each year.

4 (16) Beginning with taxes levied in 1994, the millage
5 reduction required by section 31 of article IX of the state
6 constitution of 1963 shall permanently reduce the maximum rate or
7 rates authorized by law or charter. The reduced maximum authorized
8 rate or rates for 1994 shall equal the product of the maximum rate
9 or rates authorized by law or charter before application of this
10 section multiplied by the compounded millage reduction applicable
11 to that millage in 1994 pursuant to subsections (8) to (12). The
12 reduced maximum authorized rate or rates for 1995 and each year
13 after 1995 shall equal the product of the immediately preceding
14 year's reduced maximum authorized rate or rates multiplied by the
15 current year's millage reduction fraction and shall be adjusted for
16 millage for which authorization has expired and new authorized
17 millage approved by the voters pursuant to subsections (8) to (12).

18 **SEC. 89C. (1) IN ANY LOCAL TAX COLLECTING UNIT IN WHICH IS**
19 **LOCATED A FIRST CLASS SCHOOL DISTRICT, THE LOCAL TAX COLLECTING**
20 **UNIT MAY TREAT AS DELINQUENT UNDER SECTIONS 87B, 87C, AND 87D A**
21 **SOLID WASTE FEE THAT IS DELINQUENT UNDER THE TERMS OF ANY ORDINANCE**
22 **AUTHORIZING THE SOLID WASTE FEE, IF THAT SOLID WASTE FEE WAS**
23 **INCLUDED IN THE TAX STATEMENT UNDER SECTION 44.**

24 **(2) IF A SOLID WASTE FEE IS DELINQUENT ON THE MARCH 1**
25 **IMMEDIATELY PRECEDING THE DATE THAT THE SOLID WASTE FEE IS RETURNED**
26 **AS DELINQUENT TO THE COUNTY TREASURER UNDER SUBSECTION (1), A**
27 **COUNTY TREASURER MAY INCLUDE THAT SOLID WASTE FEE IN THE COUNTY'S**

House Bill No. 4376 as amended June 28, 2007

1 DELINQUENT TAX REVOLVING FUND.

2 (3) IF A SOLID WASTE FEE IS RETURNED TO A COUNTY TREASURER AS
3 DELINQUENT UNDER SUBSECTION (2), THAT SOLID WASTE FEE SHALL BE A
4 FEE TREATED AS A DELINQUENT TAX FOR PURPOSES OF SECTIONS 87B, 87C,
5 AND 87D AND THE PROPERTY ON WHICH THE FEE IS ASSESSED IS SUBJECT TO
6 FORFEITURE, FORECLOSURE, AND SALE FOR DELINQUENT TAXES AS PROVIDED
7 IN THIS ACT IF THE LOCAL TAX COLLECTING UNIT HAS ALSO RETURNED TO
8 THAT COUNTY TREASURER UNCOLLECTED DELINQUENT TAXES LEVIED ON THE
9 PROPERTY ON WHICH THE SOLID WASTE FEE IS ASSESSED.

<<(4) IF AN OWNER REDEEMS PROPERTY THAT IS HIS OR HER PRINCIPAL
RESIDENCE THAT IS RETURNED TO THE COUNTY TREASURER FOR DELINQUENT TAXES
AND A DELINQUENT SOLID WASTE FEE IS ASSESSED TO THAT OWNER'S PRINCIPAL
RESIDENCE, THE OWNER MAY REDEEM HIS OR HER PRINCIPAL RESIDENCE WITHOUT
PAYMENT OF THE DELINQUENT SOLID WASTE FEE. AS USED IN THIS SUBSECTION,
PRINCIPAL RESIDENCE MEANS PROPERTY EXEMPT UNDER SECTION 7CC.

10 (5)>> THIS SECTION APPLIES TO ANY FEE THAT WAS DELINQUENT ON OR
11 AFTER MARCH 1, 2007 AND THAT WAS INCLUDED IN THE DELINQUENT TAX
12 ROLL DELIVERED TO A COUNTY TREASURER AT THE SAME TIME AS DELINQUENT
13 TAXES FOR A YEAR IN WHICH THE FEE IS ASSESSED.

14 <<(6)>> AS USED IN THIS SECTION:

15 (A) "FIRST CLASS SCHOOL DISTRICT" MEANS A FIRST CLASS SCHOOL
16 DISTRICT UNDER THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO
17 380.1852.

18 (B) "SOLID WASTE FEE" MEANS THAT TERM AS DEFINED IN THE
19 ORDINANCE OR RESOLUTION OF THE LOCAL TAX COLLECTING UNIT
20 AUTHORIZING THE ASSESSMENT OF THE SOLID WASTE FEE.