

SENATE BILL No. 323

April 13, 2011, Introduced by Senators PROOS and HILDENBRAND and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 34d, 35, and 37 (MCL 211.34d, 211.35, and 211.37), section 34d as amended by 2007 PA 31, section 35 as amended by 2002 PA 620, and section 37 as amended by 2009 PA 49.

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.

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

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

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

23 (iii) New construction. As used in this subparagraph, "new
24 construction" means property not in existence on the immediately
25 preceding tax day and not replacement construction. New
26 construction includes the physical addition of equipment or
27 furnishings, subject to the provisions set forth in section

1 27(2) (a) to (o). For purposes of determining the taxable value of
2 property under section 27a, the value of new construction is the
3 true cash value of the new construction multiplied by 0.50.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 exempted.

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

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

1 value of the property had it not been contaminated and the
2 denominator of which is the true cash value of the property had it
3 not been contaminated.

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

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

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

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

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

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

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

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

27 (3) On or before the first Monday in June of each year, the

1 county equalization director shall deliver the statement of the
2 computations signed by the county equalization director to the
3 county treasurer.

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

10 (5) The financial officer of each unit of local government
11 shall make the computation of the tax rate using the data certified
12 by the county treasurer and the state tax commission. At the annual
13 session in October, **OR, FOR A COUNTY OR LOCAL TAX COLLECTING UNIT**
14 **THAT APPROVES THE LEVIES AS ALLOWED IN SECTION 44A, BEFORE A**
15 **SPECIAL MEETING HELD BEFORE THE ANNUAL LEVY ON JULY 1,** the county
16 board of commissioners shall not authorize the levy of a tax unless
17 the governing body of the taxing jurisdiction has certified that
18 the requested millage has been reduced, if necessary, in compliance
19 with section 31 of article IX of the state constitution of 1963.

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

27 (7) A millage reduction fraction shall be determined for each

1 year for each local unit of government. For ad valorem property
2 taxes that became a lien before January 1, 1983, the numerator of
3 the fraction shall be the total state equalized valuation for the
4 immediately preceding year multiplied by the inflation rate and the
5 denominator of the fraction shall be the total state equalized
6 valuation for the current year minus new construction and
7 improvements. For ad valorem property taxes that become a lien
8 after December 31, 1982 and through December 31, 1994, the
9 numerator of the fraction shall be the product of the difference
10 between the total state equalized valuation for the immediately
11 preceding year minus losses multiplied by the inflation rate and
12 the denominator of the fraction shall be the total state equalized
13 valuation for the current year minus additions. For ad valorem
14 property taxes that are levied after December 31, 1994, the
15 numerator of the fraction shall be the product of the difference
16 between the total taxable value for the immediately preceding year
17 minus losses multiplied by the inflation rate and the denominator
18 of the fraction shall be the total taxable value for the current
19 year minus additions. For each year after 1993, a millage reduction
20 fraction shall not exceed 1.

21 (8) The compounded millage reduction fraction shall be
22 calculated by multiplying the local unit's previous year's
23 compounded millage reduction fraction by the current year's millage
24 reduction fraction. The compounded millage reduction fraction for
25 the year shall be multiplied by the maximum millage rate authorized
26 by law or charter for the unit of local government for the year,
27 except as provided by subsection (9). A compounded millage

1 reduction fraction shall not exceed 1.

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

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

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

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

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

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

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

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

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

20 Sec. 35. ~~On or before the first day of September in each year,~~
21 ~~the~~ **THE** state treasurer shall make and record in his or her office
22 a statement showing the taxes to be raised for state purposes that
23 year, referring to the law on which each tax is based, and the
24 total amount of the taxes. The state tax he or she shall apportion
25 among the several counties in proportion to the valuation of the
26 taxable property in each county as determined by the last preceding
27 state board of equalization. ~~, and shall before~~ **BEFORE** the October

1 session of the board of supervisors **OR, FOR A COUNTY OR LOCAL TAX**
2 **COLLECTING UNIT THAT APPROVES THE LEVIES AS ALLOWED IN SECTION 44A,**
3 **BEFORE A SPECIAL MEETING HELD BEFORE THE ANNUAL LEVY ON JULY 1, THE**
4 **STATE TREASURER SHALL** in each year make out and transmit to the
5 clerk of each county a statement of the amount of the taxes
6 apportioned to that county. The state treasurer shall also, in a
7 separate item of the statement, set forth the amount of
8 indebtedness of the county to the state remaining unpaid at the
9 time the statement is made, as shown by the statement of the
10 account between the county and this state. ~~made by the state~~
11 ~~treasurer on the first day of July after the apportionment, which~~
12 ~~amount~~ **A COUNTY'S REMAINING INDEBTEDNESS TO THIS STATE** shall be
13 apportioned by the board of supervisors of the proper county at the
14 same time as state taxes contained in the apportionment of the
15 state treasurer, and shall be levied in the same manner as and
16 become a portion of the county taxes for the same year, unless the
17 indebtedness is paid to the state before October ~~first~~-1, **OR FOR A**
18 **COUNTY OR LOCAL TAX COLLECTING UNIT THAT APPROVES THE LEVIES AS**
19 **ALLOWED IN SECTION 44A, BEFORE THE ANNUAL LEVY ON JULY 1.** The
20 portion of the taxes, if any, that should be assessed to a
21 particular township, shall be apportioned to and assessed upon the
22 township, ward, or city.

23 Sec. 37. The county board of commissioners, **EITHER** at a
24 session held not later than October 31 in each year **OR AT A SPECIAL**
25 **MEETING HELD FOR A LOCAL TAX COLLECTING UNIT THAT REQUESTS AN**
26 **ANNUAL LEVY IN JULY,** shall ascertain and determine the amount of
27 money to be raised for county purposes, and shall apportion the

1 amount and also the amount of the state tax and indebtedness of the
2 county to the state among the several townships in the county in
3 proportion to the valuation of the taxable real and personal
4 property as determined by the board, or as determined by the state
5 tax commission upon appeal in the manner provided by law for that
6 year, which determination and apportionment shall be entered at
7 large on county records. The board, at a session held not later
8 than October 31 in each year, shall also examine all certificates,
9 statements, papers, and records submitted to it, showing the money
10 to be raised in the several townships for school, highway, drain,
11 township, and other purposes. It shall hear and consider all
12 objections made to raising that money by any taxpayer affected. If
13 it appears to the board that any certificate, statement, paper, or
14 record is not properly certified or is in any way defective, or
15 that any proceeding to authorize the raising of the money has not
16 been had or is in any way imperfect, the board shall verify the
17 same, and if the certificate, statement, paper, record, or
18 proceeding can then be corrected, supplied, or had, the board shall
19 authorize and require the defects or omissions of proceedings to be
20 corrected, supplied, or had. The board may refer any or all the
21 certificates, statements, papers, records, and proceedings to the
22 prosecuting attorney, who shall investigate and without delay
23 report in writing his or her opinion to the board. The board shall
24 direct that the money proposed to be raised for township, school,
25 highway, drain, and all other purposes authorized by law shall be
26 spread upon the assessment roll of the proper townships, wards, and
27 cities. This action and direction shall be entered in full upon the

1 records of the proceedings of the board and shall be final as to
2 the levy and assessment of all the taxes, except if there is a
3 change made in the equalization of any county by the state tax
4 commission upon appeal in the manner provided by law. The direction
5 for spread of taxes shall be expressed in terms of millages to be
6 spread against the taxable values of properties and shall not
7 direct the raising of any specific amount of money. This section
8 does not apply when section 36(2) applies and shall not prevent the
9 township clerk from providing a certification to the county clerk
10 pursuant to section 36(1). If a certification is provided pursuant
11 to section 36(1), the county board of commissioners shall meet and
12 direct or amend its direction for the spread of millages by local
13 units in the county pursuant to the certification.

14 Enacting section 1. This amendatory act does not take effect
15 unless Senate Bill No. 322

16 of the 96th Legislature is enacted into law.