

HOUSE BILL NO. 4466

April 16, 2019, Introduced by Rep. Rabhi and referred to the Committee on Tax Policy.

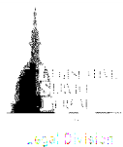
A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 27 and 34d (MCL 211.27 and 211.34d), section
27 as amended by 2013 PA 162 and section 34d as amended by 2014 PA
164.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 27. (1) As used in this act, "true cash value" means the
- 2 usual selling price at the place where the property to which the
- 3 term is applied is at the time of assessment, being the price that



1 could be obtained for the property at private sale, and not at
2 auction sale except as otherwise provided in this section, or at
3 forced sale. The usual selling price may include sales at public
4 auction held by a nongovernmental agency or person if those sales
5 have become a common method of acquisition in the jurisdiction for
6 the class of property being valued. The usual selling price does
7 not include sales at public auction if the sale is part of a
8 liquidation of the seller's assets in a bankruptcy proceeding or if
9 the seller is unable to use common marketing techniques to obtain
10 the usual selling price for the property. A sale or other
11 disposition by this state or an agency or political subdivision of
12 this state of land acquired for delinquent taxes or an appraisal
13 made in connection with the sale or other disposition or the value
14 attributed to the property of regulated public utilities by a
15 governmental regulatory agency for rate-making purposes is not
16 controlling evidence of true cash value for assessment purposes. In
17 determining the true cash value, the assessor shall also consider
18 the advantages and disadvantages of location; quality of soil;
19 zoning; existing use; present economic income of structures,
20 including farm structures; present economic income of land if the
21 land is being farmed or otherwise put to income producing use;
22 quantity and value of standing timber; water power and privileges;
23 minerals, quarries, or other valuable deposits not otherwise exempt
24 under this act known to be available in the land and their value.
25 In determining the true cash value of personal property owned by an
26 electric utility cooperative, the assessor shall consider the
27 number of kilowatt hours of electricity sold per mile of
28 distribution line compared to the average number of kilowatt hours
29 of electricity sold per mile of distribution line for all electric



1 utilities.

2 (2) The assessor shall not consider the increase in true cash
3 value that is a result of expenditures for normal repairs,
4 replacement, and maintenance in determining the true cash value of
5 property for assessment purposes until the property is sold. For
6 the purpose of implementing this subsection, the assessor shall not
7 increase the construction quality classification or reduce the
8 effective age for depreciation purposes, except if the appraisal of
9 the property was erroneous before nonconsideration of the normal
10 repair, replacement, or maintenance, and shall not assign an
11 economic condition factor to the property that differs from the
12 economic condition factor assigned to similar properties as defined
13 by appraisal procedures applied in the jurisdiction. The increase
14 in value attributable to the items included in subdivisions (a) to
15 ~~(e)~~ **(p)** that is known to the assessor and excluded from true cash
16 value shall be indicated on the assessment roll. This subsection
17 applies only to residential property. The following repairs are
18 considered normal maintenance if they are not part of a structural
19 addition or completion:

- 20 (a) Outside painting.
- 21 (b) Repairing or replacing siding, roof, porches, steps,
22 sidewalks, or drives.
- 23 (c) Repainting, repairing, or replacing existing masonry.
- 24 (d) Replacing awnings.
- 25 (e) Adding or replacing gutters and downspouts.
- 26 (f) Replacing storm windows or doors.
- 27 (g) Insulating or weatherstripping.
- 28 (h) Complete rewiring.
- 29 (i) Replacing plumbing and light fixtures.



1 (j) Replacing a furnace with a new furnace of the same type or
2 replacing an oil or gas burner.

3 (k) Repairing plaster, inside painting, or other redecorating.

4 (l) New ceiling, wall, or floor surfacing.

5 (m) Removing partitions to enlarge rooms.

6 (n) Replacing an automatic hot water heater.

7 (o) Replacing dated interior woodwork.

8 **(p) Installing, replacing, or repairing an alternative energy**
9 **system, without regard to ownership of the system, with a**
10 **generating capacity of not more than 150 kilowatts, the annual**
11 **energy output of which does not exceed the annual energy**
12 **consumption measured by the utility-provided electrical meter on**
13 **the system to which it is connected. As used in this subdivision,**
14 **"alternative energy system" means that term as defined in section 2**
15 **of the Michigan next energy authority act, 2002 PA 593, MCL**
16 **207.822.**

17 (3) A city or township assessor, a county equalization
18 department, or the state tax commission before utilizing real
19 estate sales data on real property purchases, including purchases
20 by land contract, to determine assessments or in making sales ratio
21 studies to assess property or equalize assessments shall exclude
22 from the sales data the following amounts allowed by subdivisions
23 (a), (b), and (c) to the extent that the amounts are included in
24 the real property purchase price and are so identified in the real
25 estate sales data or certified to the assessor as provided in
26 subdivision (d):

27 (a) Amounts paid for obtaining financing of the purchase price
28 of the property or the last conveyance of the property.

29 (b) Amounts attributable to personal property that were



1 included in the purchase price of the property in the last
2 conveyance of the property.

3 (c) Amounts paid for surveying the property pursuant to the
4 last conveyance of the property. The legislature may require local
5 units of government, including school districts, to submit reports
6 of revenue lost under subdivisions (a) and (b) and this subdivision
7 so that the state may reimburse those units for that lost revenue.

8 (d) The purchaser of real property, including a purchaser by
9 land contract, may file with the assessor of the city or township
10 in which the property is located 2 copies of the purchase agreement
11 or of an affidavit that identifies the amount, if any, for each
12 item listed in subdivisions (a) to (c). One copy shall be forwarded
13 by the assessor to the county equalization department. The
14 affidavit shall be prescribed by the state tax commission.

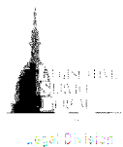
15 (4) In finalizing sales studies for property classified as
16 agricultural real property under section 34c, an assessor and
17 equalization director shall determine if an affidavit for the
18 property has been filed under section ~~27a(7)(n)~~. **27a(7)(o)**. If an
19 affidavit has not been filed, the property shall be reviewed to
20 determine if classification as agricultural real property under
21 section 34c is correct or should be changed. The assessor for the
22 local tax collecting unit in which the property is located shall
23 contact the property owner to determine why the property owner did
24 not file an affidavit under section ~~27a(7)(n)~~. **27a(7)(o)**. Unless
25 there are convincing facts to the contrary, the sale of property
26 classified as agricultural real property under section 34c for
27 which an affidavit under section ~~27a(7)(n)~~. **27a(7)(o)** has not been
28 filed shall not be included in a sales study.

29 (5) As used in subsection (1), "present economic income" means



1 for leased or rented property the ordinary, general, and usual
2 economic return realized from the lease or rental of property
3 negotiated under current, contemporary conditions between parties
4 equally knowledgeable and familiar with real estate values. The
5 actual income generated by the lease or rental of property is not
6 the controlling indicator of its true cash value in all cases. This
7 subsection does not apply to property subject to a lease entered
8 into before January 1, 1984 for which the terms of the lease
9 governing the rental rate or tax liability have not been
10 renegotiated after December 31, 1983. This subsection does not
11 apply to a nonprofit housing cooperative subject to regulatory
12 agreements between the state or federal government entered into
13 before January 1, 1984. As used in this subsection, "nonprofit
14 cooperative housing corporation" means a nonprofit cooperative
15 housing corporation that is engaged in providing housing services
16 to its stockholders and members and that does not pay dividends or
17 interest upon stock or membership investment but that does
18 distribute all earnings to its stockholders or members.

19 (6) Except as otherwise provided in subsection (7), the
20 purchase price paid in a transfer of property is not the
21 presumptive true cash value of the property transferred. In
22 determining the true cash value of transferred property, an
23 assessing officer shall assess that property using the same
24 valuation method used to value all other property of that same
25 classification in the assessing jurisdiction. As used in this
26 subsection and subsection (7), "purchase price" means the total
27 consideration agreed to in an arms-length transaction and not at a
28 forced sale paid by the purchaser of the property, stated in
29 dollars, whether or not paid in dollars.



(7) The purchase price paid in a transfer of eligible nonprofit housing property from a charitable nonprofit housing organization to a low-income person that occurs after December 31, 2010 is the presumptive true cash value of the eligible nonprofit housing property transferred. In the year immediately succeeding the year in which the transfer of eligible nonprofit housing property occurs and each year thereafter, the taxable value of the eligible nonprofit housing property shall be adjusted as provided under section 27a. As used in this subsection:

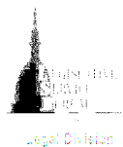
(a) "Charitable nonprofit housing organization" means a charitable nonprofit organization the primary purpose of which is the construction or renovation of residential housing for conveyance to a low-income person.

(b) "Eligible nonprofit housing property" means property owned by a charitable nonprofit housing organization, the ownership of which the charitable nonprofit housing organization intends to transfer to a low-income person after construction or renovation of the property is completed.

(c) "Family income" and "statewide median gross income" mean those terms as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(d) "Low-income person" means a person with a family income of not more than 60% of the statewide median gross income who is eligible to participate in the charitable nonprofit housing organization's program based on criteria established by the charitable nonprofit housing organization.

(8) For purposes of a statement submitted under section 19, the true cash value of a standard tool is the net book value of that standard tool as of December 31 in each tax year as determined



1 using generally accepted accounting principles in a manner
2 consistent with the established depreciation method used by the
3 person submitting that statement. The net book value of a standard
4 tool for federal income tax purposes is not the presumptive true
5 cash value of that standard tool. As used in this subsection,
6 "standard tool" means that term as defined in section 9b.

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
28 purposes of determining the taxable value of real property under
29 section 27a, the value of omitted real property is based on the



1 value and the ratio of taxable value to true cash value the omitted
2 real property would have had if the property had not been omitted.

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

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

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

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

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



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

4 (v) Replacement construction. As used in this subparagraph,
5 "replacement construction" means construction that replaced
6 property damaged or destroyed by accident or act of God and that
7 occurred after the immediately preceding tax day to the extent the
8 construction's true cash value does not exceed the true cash value
9 of property that was damaged or destroyed by accident or act of God
10 in the immediately preceding 3 years. Except as otherwise provided
11 in this subparagraph, for purposes of determining the taxable value
12 of property under section 27a, the value of the replacement
13 construction is the true cash value of the replacement construction
14 multiplied by a fraction, the numerator of which is the taxable
15 value of the property to which the construction was added in the
16 immediately preceding year and the denominator of which is the true
17 cash value of the property to which the construction was added in
18 the immediately preceding year, and then multiplied by the lesser
19 of 1.05 or the inflation rate. However, after December 31, 2011,
20 for purposes of determining the taxable value of property under
21 section 27a, if the property's replacement construction is of
22 substantially the same materials as determined by the state tax
23 commission, if the square footage is not more than 5% greater than
24 the property that was damaged or destroyed, and if the replacement
25 construction is completed not later than December 31 in the year 3
26 years after the accident or act of God occurred, the replacement
27 construction's taxable value shall be equal to the taxable value of
28 the property in the year immediately preceding the year in which
29 the property was damaged or destroyed, adjusted annually as



1 provided in section 27a(2). Any construction materials required to
2 bring the property into compliance with any applicable health,
3 sanitary, zoning, safety, fire, or construction codes or ordinances
4 shall be considered to be substantially the same materials by the
5 state tax commission for the sake of replacement construction under
6 this section.

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

21 (vii) Public services. As used in this subparagraph, "public
22 services" means water service, sewer service, a primary access
23 road, natural gas service, electrical service, telephone service,
24 sidewalks, or street lighting. For purposes of determining the
25 taxable value of real property under section 27a, the value of
26 public services is the amount of increase in true cash value of the
27 property attributable to the available public services multiplied
28 by 0.50, and shall be added in the calendar year following the
29 calendar year when those public services are initially available.



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

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

(ii) A change in the zoning of property.

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

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

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

(f) "General price level" means the annual average of the 12 monthly values for the United States ~~consumer price index~~ **Consumer Price Index** for all urban consumers as defined and officially reported by the United States ~~department~~ **Department** of labor, ~~bureau~~ **Labor, Bureau** of labor statistics. **Labor Statistics**.

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

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

(i) Property that has been destroyed or removed. For purposes of determining the taxable value of property under section 27a, the value of property destroyed or removed is the product of the true cash value of that property multiplied by a fraction, the numerator of which is the taxable value of that property in the immediately



1 preceding year and the denominator of which is the true cash value
2 of that property in the immediately preceding year.

3 (ii) Property that was subject to ad valorem taxation under
4 this act in the immediately preceding year that is now exempt from
5 ad valorem taxation under this act. For purposes of determining the
6 taxable value of property under section 27a, the value of property
7 exempted from ad valorem taxation under this act is the amount
8 exempted.

9 (iii) Prior to December 31, 2013, an adjustment in value, if
10 any, because of a decrease in the property's occupancy rate, to the
11 extent provided by law. For purposes of determining the taxable
12 value of real property under section 27a, the value of a loss for a
13 decrease in the property's occupancy rate is the product of the
14 decrease in the true cash value of the property attributable to the
15 decreased occupancy rate multiplied by a fraction, the numerator of
16 which is the taxable value of the property in the immediately
17 preceding year and the denominator of which is the true cash value
18 of the property in the immediately preceding year.

19 (iv) A decrease in taxable value attributable to environmental
20 contamination existing on the immediately preceding tax day. The
21 department of environmental quality shall determine the degree to
22 which environmental contamination limits the use of property based
23 on information available in existing department of environmental
24 quality records or information made available to the department of
25 environmental quality if the appropriate assessing officer for a
26 local tax collecting unit requests that determination. The
27 department of environmental quality's determination of the degree
28 to which environmental contamination limits the use of property
29 shall be based on the criteria established for the categories set



1 forth in section 20120a(1) of the natural resources and
2 environmental protection act, 1994 PA 451, MCL 324.20120a. The
3 decrease in taxable value attributable to the contamination is the
4 decrease in true cash value attributable to the contamination
5 multiplied by a fraction, the numerator of which is the taxable
6 value of the property had it not been contaminated and the
7 denominator of which is the true cash value of the property had it
8 not been contaminated.

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

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

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

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

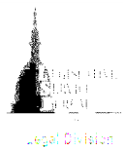
15 (k) "Current year" means the year for which the millage
16 limitation is being calculated.

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

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



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



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

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

11 (5) The financial officer of each unit of local government
12 shall make the computation of the tax rate using the data certified
13 by the county treasurer and the state tax commission. At the annual
14 session in October, or, for a county or local tax collecting unit
15 that approves under section 44a(2) the accelerated collection in a
16 summer property tax levy of a millage that had been previously
17 billed and collected as in a preceding tax year as part of the
18 winter property tax levy, before a special meeting held before the
19 annual levy on July 1, the county board of commissioners shall not
20 authorize the levy of a tax unless the governing body of the taxing
21 jurisdiction has certified that the requested millage has been
22 reduced, if necessary, in compliance with section 31 of article IX
23 of the state constitution of 1963.

24 (6) The number of mills permitted to be levied in a tax year
25 is limited as provided in this section pursuant to section 31 of
26 article IX of the state constitution of 1963. A unit of local
27 government shall not levy a tax rate greater than the rate
28 determined by reducing its maximum rate or rates authorized by law
29 or charter by a millage reduction fraction as provided in this



1 section without voter approval.

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

23 (8) The compounded millage reduction fraction shall be
24 calculated by multiplying the local unit's previous year's
25 compounded millage reduction fraction by the current year's millage
26 reduction fraction. The compounded millage reduction fraction for
27 the year shall be multiplied by the maximum millage rate authorized
28 by law or charter for the unit of local government for the year,
29 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
28 election occurs before June 1 of a year, the millage reduction is
29 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
28 shall be computed by the state tax commission and shall be rounded
29 to 3 decimal places. The state tax commission shall publish the



1 inflation rate before March 1 of each year.

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

