

HOUSE BILL No. 4005

January 11, 1989, Introduced by Reps. Griffin and Niederstadt and referred to the Committee on Taxation.

A bill to amend section 27 of Act No. 206 of the Public Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No. 200 of the Public Acts of 1985, being section 211.27 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 27 of Act No. 206 of the Public Acts of
2 1893, as amended by Act No. 200 of the Public Acts of 1985, being
3 section 211.27 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 27. (1) As used in this act, "cash value" means the
6 usual selling price at the place where the property to which the
7 term is applied is at the time of assessment, being the price
8 ~~which~~ THAT could be obtained for the property at private sale,
9 and not at auction sale except as otherwise provided in this

1 section, or at forced sale. The usual selling price may include
2 sales at public auction held by a nongovernmental agency or
3 person when those sales have become a common method of acqui-
4 tion in the jurisdiction for the class of property being valued.
5 The usual selling price shall not include sales at public auction
6 where the sale is part of a liquidation of the seller's assets in
7 a bankruptcy proceeding or where the seller is unable to use
8 common marketing techniques to obtain the usual selling price for
9 the property. A sale or other disposition by the state or an
10 agency or political subdivision of the state of land acquired for
11 delinquent taxes or an appraisal made in connection with the sale
12 or other disposition or the value attributed to the property of
13 regulated public utilities by a governmental regulatory agency
14 for rate-making purposes shall not be considered controlling evi-
15 dence of true cash value for assessment purposes. In determining
16 the value the assessor shall also consider the advantages and
17 disadvantages of location; quality of soil; zoning; existing use;
18 present economic income of structures, including farm structures;
19 present economic income of land if the land is being farmed or
20 otherwise put to income producing use; quantity and value of
21 standing timber; water power and privileges; and mines, minerals,
22 quarries, or other valuable deposits known to be available in the
23 land and their value.

24 (2) The assessor, beginning December 31, 1976, shall not
25 consider expenditures for normal repairs, replacement, and main-
26 tenance in determining the true cash value of property for
27 assessment purposes until the property is sold. Value

1 attributable to the items included in subdivisions (a) to (o)
2 which is known to the assessor and excluded from true cash value
3 shall be indicated on the assessment roll. This subsection shall
4 apply only to residential property. The following repairs shall
5 be considered normal maintenance if they are not part of a struc-
6 tural addition or completion:

7 (a) Outside painting.

8 (b) Repairing or replacing siding, roof, porches, steps,
9 sidewalks, and drives.

10 (c) Repainting, repairing, or replacing existing masonry.

11 (d) Replacement of awnings.

12 (e) Adding or replacing gutters and downspouts.

13 (f) Replacing storm windows or doors.

14 (g) Insulation or weatherstripping.

15 (h) Complete rewiring.

16 (i) Replacing plumbing and light fixtures.

17 (j) New furnace replacing a furnace of the same type or
18 replacing oil or gas burner.

19 (k) Plaster repairs, inside painting, or other
20 redecorating.

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

22 (m) Removing partitions to enlarge rooms.

23 (n) Replacing automatic hot water heater.

24 (o) Replacing dated interior woodwork.

25 (3) Beginning December 31, 1978, a city or township asses-
26 sor, a county equalization department, or the state tax
27 commission before utilizing real estate sales data on real

1 property purchases, including purchases by land contract, for the
2 purpose of determining assessments or in making sales ratio
3 studies for the purpose of assessing or equalizing assessments
4 shall exclude from the sales data the following amounts allowed
5 by subdivisions (a), (b), and (c) to the extent that the amounts
6 are included in the real property purchase price and are so iden-
7 tified in the real estate sales data or certified to the assessor
8 as provided in subdivision (d):

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

11 (b) Amounts attributable to personal property ~~which~~ THAT
12 were included in the purchase price of the property in the last
13 conveyance of the property.

14 (c) Amounts paid for surveying the property pursuant to the
15 last conveyance of the property. The legislature may require
16 local units of government, including school districts, to submit
17 reports of revenue lost under subdivisions (a) and (b) and this
18 subdivision so that the state may reimburse those units for that
19 lost revenue.

20 (d) The purchaser of real property, including a purchaser by
21 land contract, may file with the assessor of the city or township
22 in which the property is located 2 copies of the purchase agree-
23 ment or of an affidavit ~~which~~ THAT shall identify the amount,
24 if any, for each item listed in subdivisions (a) to (c). One
25 copy shall be forwarded by the assessor to the county equaliza-
26 tion department. The affidavit shall be prescribed by the state
27 tax commission.

1 (4) BEGINNING DECEMBER 31, 1989, THE ASSESSOR SHALL NOT
2 CONSIDER CONSTRUCTION OF A RESIDENTIAL DWELLING ON REAL PROPERTY
3 IN DETERMINING THE TRUE CASH VALUE OF THE REAL PROPERTY FOR
4 ASSESSMENT PURPOSES UNTIL THE RESIDENTIAL DWELLING IS OCCUPIED.

5 (5) ~~(4)~~ As used in subsection (1), "present economic
6 income" means in the case of leased or rented property the ordi-
7 nary, general, and usual economic return realized from the lease
8 or rental of property negotiated under current, contemporary con-
9 ditions between parties equally knowledgeable and familiar with
10 real estate values. The actual income generated by the lease or
11 rental of property shall not be the controlling indicator of its
12 cash value in all cases. This subsection shall not apply to
13 property when subject to a lease entered into prior to
14 January 1, 1984 for which the terms of the lease governing the
15 rental rate or tax liability have not been renegotiated after
16 December 31, 1983. This subsection shall not apply to a non-
17 profit housing cooperative when subject to regulatory agreements
18 between the state or federal government entered into prior to
19 January 1, 1984. As used in this subsection, "nonprofit coopera-
20 tive housing corporation" means a nonprofit cooperative housing
21 corporation which is engaged in providing housing services to its
22 stockholders and members and which does not pay dividends or
23 interest upon stock or membership investment but which does dis-
24 tribute all earnings to its stockholders or members.