

SENATE BILL No. 305

April 12, 1989, Introduced by Senators SHINKLE, DI NELLO, ARTHURHULTZ, POSTHUMUS, CRUCE, WELBORN, DILLINGHAM, SCHWARZ, BINSFELD, CROPSEY, GAST, DINGELL and N. SMITH and referred to the Committee on Finance.

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

24 (2) The assessor, beginning December 31, 1976, shall not
25 consider THE INCREASE IN TRUE CASH VALUE THAT IS A RESULT OF
26 expenditures for normal repairs, replacement, and maintenance
27 MADE OR COMPLETED AFTER DECEMBER 30, 1976 in determining the true

1 cash value of property for assessment purposes until the property
2 is sold. Value attributable to the items included in subdivi-
3 sions (a) to (o) ~~which~~ THAT is known to the assessor and
4 excluded from true cash value shall be indicated on the assess-
5 ment roll. This subsection shall apply only to residential prop-
6 erty CONSISTING OF 2 UNITS OR LESS. The following repairs shall
7 be considered normal maintenance if they are not part of a struc-
8 tural addition or completion:

- 9 (a) Outside painting.
- 10 (b) Repairing or replacing siding, roof, porches, steps,
11 sidewalks, and drives.
- 12 (c) Repainting, repairing, or replacing existing masonry.
- 13 (d) Replacement of awnings.
- 14 (e) Adding or replacing gutters and downspouts.
- 15 (f) Replacing storm windows or doors.
- 16 (g) Insulation or weatherstripping.
- 17 (h) Complete rewiring.
- 18 (i) Replacing plumbing and light fixtures.
- 19 (j) New furnace replacing a furnace of the same type or
20 replacing oil or gas burner.
- 21 (k) Plaster repairs, inside painting, or other
22 redecorating.
- 23 (l) New ceiling, wall, or floor surfacing.
- 24 (m) Removing partitions to enlarge rooms.
- 25 (n) Replacing automatic hot water heater.
- 26 (o) Replacing dated interior woodwork.

1 (3) Beginning December 31, 1978, a city or township
2 assessor, a county equalization department, or the state tax
3 commission before utilizing real estate sales data on real prop-
4 erty purchases, including purchases by land contract, for the
5 purpose of determining assessments or in making sales ratio
6 studies for the purpose of assessing or equalizing assessments
7 shall exclude from the sales data the following amounts allowed
8 by subdivisions (a), (b), and (c) to the extent that the amounts
9 are included in the real property purchase price and are so iden-
10 tified in the real estate sales data or certified to the assessor
11 as provided in subdivision (d):

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

14 (b) Amounts attributable to personal property which were
15 included in the purchase price of the property in the last con-
16 veyance of the property.

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

23 (d) The purchaser of real property, including a purchaser by
24 land contract, may file with the assessor of the city or township
25 in which the property is located 2 copies of the purchase agree-
26 ment or of an affidavit which shall identify the amount, if any,
27 for each item listed in subdivisions (a) to (c). One copy shall

1 be forwarded by the assessor to the county equalization
2 department. The affidavit shall be prescribed by the state tax
3 commission.

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

24 Section 2. This legislation is curative and intended to
25 express the original intent of the legislature that pursuant to
26 the Mathieu-Gast home improvement act of 1976, Act No. 293 of the
27 Public Acts of 1976, the assessor shall determine the true cash

1 value of property by assessing the property as if the repair,
2 replacement, or maintenance made after December 30, 1976 to be
3 excluded from consideration under Act No. 293 was not made,
4 rather than by deducting the actual cost of the repair, replace-
5 ment, or maintenance.