

**SUBSTITUTE FOR  
HOUSE BILL NO. 4378**

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 2019 PA 116 and section 34d as amended by 2019 PA  
117.

**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  
4 could be obtained for the property at private sale, and not at  
5 auction sale except as otherwise provided in this section, or at  
6 forced sale. The usual selling price may include sales at public  
7 auction held by a nongovernmental agency or person if those sales

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

27 (2) The assessor shall not consider the increase in true cash  
28 value that is a result of expenditures for normal repairs,  
29 replacement, and maintenance in determining the true cash value of

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

- 16 (a) Outside painting.
- 17 (b) Repairing or replacing siding, roof, porches, steps,  
18 sidewalks, or drives.
- 19 (c) Repainting, repairing, or replacing existing masonry.
- 20 (d) Replacing awnings.
- 21 (e) Adding or replacing gutters and downspouts.
- 22 (f) Replacing storm windows or doors.
- 23 (g) Insulating or weatherstripping.
- 24 (h) Complete rewiring.
- 25 (i) Replacing plumbing and light fixtures.
- 26 (j) Replacing a furnace with a new furnace of the same type or  
27 replacing an oil or gas burner.
- 28 (k) Repairing plaster, inside painting, or other redecorating.
- 29 (l) New ceiling, wall, or floor surfacing.

1 (m) Removing partitions to enlarge rooms.

2 (n) Replacing an automatic hot water heater.

3 (o) Replacing dated interior woodwork.

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

13 **(q) Installing, replacing, or repairing a whole-home**  
14 **generator.**

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

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

27 (b) Amounts attributable to personal property that were  
28 included in the purchase price of the property in the last  
29 conveyance of the property.

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

6 (d) The purchaser of real property, including a purchaser by  
7 land contract, may file with the assessor of the city or township  
8 in which the property is located 2 copies of the purchase agreement  
9 or of an affidavit that identifies the amount, if any, for each  
10 item listed in subdivisions (a) to (c). ~~One copy shall be forwarded~~  
11 ~~by the~~ **The assessor shall forward 1 copy** to the county equalization  
12 department. The affidavit ~~shall~~ **must** be **as** prescribed by the state  
13 tax commission.

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

28 (5) As used in subsection (1), "present economic income" means  
29 for leased or rented property the ordinary, general, and usual

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

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

29 (7) The purchase price paid in a transfer of eligible

1 nonprofit housing property from a charitable nonprofit housing  
2 organization to a low-income person that occurs after December 31,  
3 2010 is the presumptive true cash value of the eligible nonprofit  
4 housing property transferred. In the year immediately succeeding  
5 the year in which the transfer of eligible nonprofit housing  
6 property occurs and each year thereafter, the taxable value of the  
7 eligible nonprofit housing property ~~shall~~**must** be adjusted as  
8 provided under section 27a. As used in this subsection:

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

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

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

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

26 (8) For purposes of a statement submitted under section 19,  
27 the true cash value of a standard tool is the net book value of  
28 that standard tool as of December 31 in each tax year as determined  
29 using generally accepted accounting principles in a manner

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

6 Sec. 34d. (1) As used in this section or section 27a, or  
7 section 3 or 31 of article IX of the state constitution of 1963:

8 (a) For taxes levied before 1995, "additions" means all  
9 increases in value caused by new construction or a physical  
10 addition of equipment or furnishings, and the value of property  
11 that was exempt from taxes or not included on the assessment unit's  
12 immediately preceding year's assessment roll.

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

15 (i) Omitted real property. As used in this subparagraph,  
16 "omitted real property" means previously existing tangible real  
17 property not included in the assessment. Omitted real property  
18 ~~shall~~**does** not increase taxable value as an addition unless the  
19 assessing jurisdiction has a property record card or other  
20 documentation showing that the omitted real property was not  
21 previously included in the assessment. The assessing jurisdiction  
22 has the burden of proof in establishing whether the omitted real  
23 property is included in the assessment. Omitted real property for  
24 the current and the 2 immediately preceding years, discovered after  
25 the assessment roll has been completed, ~~shall~~**must** be added to the  
26 tax roll pursuant to the procedures established in section 154. For  
27 purposes of determining the taxable value of real property under  
28 section 27a, the value of omitted real property is based on the  
29 value and the ratio of taxable value to true cash value the omitted



1 real property would have had if the property had not been omitted.

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

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 ~~(p)~~**(q)**. 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~~ **is** equal to the taxable value  
28 of 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 ~~must~~ be considered to be substantially the same materials by  
5 the state tax commission for the sake of replacement construction  
6 under 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~~ **environment, Great Lakes, and energy** shall determine the  
11 degree of remediation based on information available in existing  
12 department of ~~environmental quality~~ **environment, Great Lakes, and**  
13 **energy** records or information made available to the department of  
14 ~~environmental quality~~ **environment, Great Lakes, and energy** if the  
15 appropriate assessing officer for a local tax collecting unit  
16 requests that determination. The increase in taxable value  
17 attributable to the remediation is the increase in true cash value  
18 attributable to the remediation multiplied by a fraction, the  
19 numerator of which is the taxable value of the property had it not  
20 been contaminated and the denominator of which is the true cash  
21 value of the property had it not been contaminated.

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

1 calendar year when those public services are initially available.

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

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

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

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

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

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

14 (f) "General price level" means the annual average of the 12  
15 monthly values for the United States Consumer Price Index for all  
16 urban consumers as defined and officially reported by the United  
17 States Department of Labor, Bureau of Labor Statistics.

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

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

25 (i) Property that has been destroyed or removed. For purposes  
26 of determining the taxable value of property under section 27a, the  
27 value of property destroyed or removed is the product of the true  
28 cash value of that property multiplied by a fraction, the numerator  
29 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~~ **Before** December 31, 2013, an adjustment in value,  
10 if any, because of a decrease in the property's occupancy rate, to  
11 the 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~~ **environment, Great Lakes, and**  
22 **energy** shall determine the degree to which environmental  
23 contamination limits the use of property based on information  
24 available in existing department of ~~environmental quality~~  
25 **environment, Great Lakes, and energy** records or information made  
26 available to the department of ~~environmental quality~~ **environment,**  
27 **Great Lakes, and energy** if the appropriate assessing officer for a  
28 local tax collecting unit requests that determination. The  
29 department of ~~environmental quality's~~ **environment, Great Lakes, and**

1 **energy's** determination of the degree to which environmental  
 2 contamination limits the use of property ~~shall~~**must** be based on the  
 3 criteria established for the categories set forth in section  
 4 20120a(1) of the natural resources and environmental protection  
 5 act, 1994 PA 451, MCL 324.20120a. The decrease in taxable value  
 6 attributable to the contamination is the decrease in true cash  
 7 value attributable to the contamination multiplied by a fraction,  
 8 the numerator of which is the taxable value of the property had it  
 9 not been contaminated and the denominator of which is the true cash  
 10 value of the property had it not been contaminated.

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

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

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

15 (j) "New construction and improvements" means additions less  
 16 losses.

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

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

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

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

1 computations of the taxable values to the presidents of community  
2 colleges within the county.

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

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

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

26 (6) The number of mills permitted to be levied in a tax year  
27 is limited as provided in this section pursuant to section 31 of  
28 article IX of the state constitution of 1963. A unit of local  
29 government shall not levy a tax rate greater than the rate



1 determined by reducing its maximum rate or rates authorized by law  
 2 or charter by a millage reduction fraction as provided in this  
 3 section without voter approval.

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

25 (8) The compounded millage reduction fraction ~~shall~~**must** be  
 26 calculated by multiplying the local unit's previous year's  
 27 compounded millage reduction fraction by the current year's millage  
 28 reduction fraction. The compounded millage reduction fraction for  
 29 the year ~~shall~~**must** be multiplied by the maximum millage rate

1 authorized by law or charter for the unit of local government for  
2 the year, except as provided by subsection (9). A compounded  
3 millage reduction fraction ~~shall~~**must** not exceed 1.

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

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

19 (11) A unit of local government may submit to the voters for  
20 their approval the levy in that year of a tax rate in excess of the  
21 limit set by this section. The ballot question ~~shall~~**must** ask the  
22 voters to approve the levy of a specific number of mills in excess  
23 of the limit. The provisions of this section do not allow the levy  
24 of a millage rate in excess of the maximum rate authorized by law  
25 or charter. If the authorization to levy millage expires after 1993  
26 and a local governmental unit is asking voters to renew the  
27 authorization to levy the millage, the ballot question ~~shall~~**must**  
28 ask for renewed authorization for the number of expiring mills as  
29 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~~**must** be based on that year's  
5 millage reduction applicable to that millage had it not expired.

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

16 (13) If it is determined ~~subsequent to~~**after** the levy of a tax  
17 that an incorrect millage reduction fraction has been applied, the  
18 amount of additional tax revenue or the shortage of tax revenue  
19 ~~shall~~**must** be deducted from or added to the next regular tax levy  
20 for 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~~**must** 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).

28 (15) The fractions calculated pursuant to this section ~~shall~~  
29 **must** be rounded to 4 decimal places, except that the inflation rate

1 ~~shall~~**must** be computed by the state tax commission and ~~shall~~**must**  
2 be rounded to 3 decimal places. The state tax commission shall  
3 publish the 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~~**reduces** the maximum  
7 rate or rates authorized by law or charter. The reduced maximum  
8 authorized rate or rates for 1994 ~~shall~~**must** equal the product of  
9 the maximum rate or rates authorized by law or charter before  
10 application of this section multiplied by the compounded millage  
11 reduction applicable to that millage in 1994 pursuant to  
12 subsections (8) to (12). The reduced maximum authorized rate or  
13 rates for 1995 and each year after 1995 ~~shall~~**must** equal the  
14 product of the immediately preceding year's reduced maximum  
15 authorized rate or rates multiplied by the current year's millage  
16 reduction fraction and ~~shall~~**must** be adjusted for millage for which  
17 authorization has expired and new authorized millage approved by  
18 the voters pursuant to subsections (8) to (12).

19 Enacting section 1. This amendatory act does not take effect  
20 unless Senate Bill No.\_\_\_\_ or House Bill No. 4379 (request no.  
21 01310'21 a) of the 101st Legislature is enacted into law.