

HOUSE BILL NO. 4378

March 02, 2021, Introduced by Reps. Garza, Brabec, Liberati, Cavanagh, Hood, LaGrand, Coleman, Cynthia Johnson, Scott, Bolden, Kuppa, Steckloff, Peterson, Aiyash, Young, Whitsett, Brenda Carter, Tyrone Carter and Yancey and referred to the Committee on Local Government and Municipal Finance.

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

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 ~~(p)~~ **(q)** that is known to the assessor and excluded from true cash
16 value ~~shall~~ **must** be indicated on the assessment roll. This
17 subsection applies only to residential property. The following
18 repairs are considered normal maintenance if they are not part of a
19 structural 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 **(q) Installing, replacing, or repairing a whole-home generator**
18 **for the purpose of providing a charging source for medical**
19 **equipment necessary to address a medical condition of an occupant**
20 **of the home.**

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

1 subdivision (d):

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

4 (b) Amounts attributable to personal property that were
5 included in the purchase price of the property in the last
6 conveyance of the property.

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

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

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

1 convincing facts to the contrary, the sale of property classified
2 as agricultural real property under section 34c for which an
3 affidavit under section 27a(7) (o) has not been filed ~~shall~~**must** not
4 be included in a sales study.

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

24 (6) Except as otherwise provided in subsection (7), the
25 purchase price paid in a transfer of property is not the
26 presumptive true cash value of the property transferred. In
27 determining the true cash value of transferred property, an
28 assessing officer shall assess that property using the same
29 valuation method used to value all other property of that same

1 classification in the assessing jurisdiction. As used in this
2 subsection and subsection (7), "purchase price" means the total
3 consideration agreed to in an arms-length transaction and not at a
4 forced sale paid by the purchaser of the property, stated in
5 dollars, whether or not paid in dollars.

6 (7) The purchase price paid in a transfer of eligible
7 nonprofit housing property from a charitable nonprofit housing
8 organization to a low-income person that occurs after December 31,
9 2010 is the presumptive true cash value of the eligible nonprofit
10 housing property transferred. In the year immediately succeeding
11 the year in which the transfer of eligible nonprofit housing
12 property occurs and each year thereafter, the taxable value of the
13 eligible nonprofit housing property ~~shall~~**must** be adjusted as
14 provided under section 27a. As used in this subsection:

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

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

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

27 (d) "Low-income person" means a person with a family income of
28 not more than 60% of the statewide median gross income who is
29 eligible to participate in the charitable nonprofit housing

1 organization's program based on criteria established by the
2 charitable nonprofit housing organization.

3 (8) For purposes of a statement submitted under section 19,
4 the true cash value of a standard tool is the net book value of
5 that standard tool as of December 31 in each tax year as determined
6 using generally accepted accounting principles in a manner
7 consistent with the established depreciation method used by the
8 person submitting that statement. The net book value of a standard
9 tool for federal income tax purposes is not the presumptive true
10 cash value of that standard tool. As used in this subsection,
11 "standard tool" means that term as defined in section 9b.

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

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

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

21 (i) Omitted real property. As used in this subparagraph,
22 "omitted real property" means previously existing tangible real
23 property not included in the assessment. Omitted real property
24 ~~shall~~**does** not increase taxable value as an addition unless the
25 assessing jurisdiction has a property record card or other
26 documentation showing that the omitted real property was not
27 previously included in the assessment. The assessing jurisdiction
28 has the burden of proof in establishing whether the omitted real
29 property is included in the assessment. Omitted real property for

1 the current and the 2 immediately preceding years, discovered after
2 the assessment roll has been completed, ~~shall~~**must** be added to the
3 tax roll pursuant to the procedures established in section 154. For
4 purposes of determining the taxable value of real property under
5 section 27a, the value of omitted real property is based on the
6 value and the ratio of taxable value to true cash value the omitted
7 real property would have had if the property had not been omitted.

8 (ii) Omitted personal property. As used in this subparagraph,
9 "omitted personal property" means previously existing tangible
10 personal property not included in the assessment. Omitted personal
11 property ~~shall~~**must** be added to the tax roll pursuant to section
12 154.

13 (iii) New construction. As used in this subparagraph, "new
14 construction" means property not in existence on the immediately
15 preceding tax day and not replacement construction. New
16 construction includes the physical addition of equipment or
17 furnishings, subject to the provisions set forth in section
18 27(2) (a) to ~~(p)~~ **(q)**. For purposes of determining the taxable value
19 of property under section 27a, the value of new construction is the
20 true cash value of the new construction multiplied by 0.50.

21 (iv) Previously exempt property. As used in this subparagraph,
22 "previously exempt property" means property that was exempt from ad
23 valorem taxation under this act on the immediately preceding tax
24 day but is subject to ad valorem taxation on the current tax day
25 under this act. For purposes of determining the taxable value of
26 real property under section 27a:

27 (A) The value of property previously exempt under section 7u
28 is the taxable value the entire parcel of property would have had
29 if that property had not been exempt, minus the product of the

1 entire parcel's taxable value in the immediately preceding year and
2 the lesser of 1.05 or the inflation rate.

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

7 (C) The value of property previously exempt under any other
8 section of law is the true cash value of the previously exempt
9 property multiplied by 0.50.

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

1 the property that was damaged or destroyed, and if the replacement
2 construction is completed not later than December 31 in the year 3
3 years after the accident or act of God occurred, the replacement
4 construction's taxable value ~~shall be~~ **is** equal to the taxable value
5 of the property in the year immediately preceding the year in which
6 the property was damaged or destroyed, adjusted annually as
7 provided in section 27a(2). Any construction materials required to
8 bring the property into compliance with any applicable health,
9 sanitary, zoning, safety, fire, or construction codes or ordinances
10 ~~shall~~ **must** be considered to be substantially the same materials by
11 the state tax commission for the sake of replacement construction
12 under this section.

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

28 (vii) Public services. As used in this subparagraph, "public
29 services" means water service, sewer service, a primary access

1 road, natural gas service, electrical service, telephone service,
2 sidewalks, or street lighting. For purposes of determining the
3 taxable value of real property under section 27a, the value of
4 public services is the amount of increase in true cash value of the
5 property attributable to the available public services multiplied
6 by 0.50, and ~~shall~~**must** be added in the calendar year following the
7 calendar year when those public services are initially available.

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

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

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

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

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

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

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

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

29 (h) For taxes levied after 1994, "losses" means, except as

1 provided in subdivision (i), all of the following:

2 (i) Property that has been destroyed or removed. For purposes
3 of determining the taxable value of property under section 27a, the
4 value of property destroyed or removed is the product of the true
5 cash value of that property multiplied by a fraction, the numerator
6 of which is the taxable value of that property in the immediately
7 preceding year and the denominator of which is the true cash value
8 of that property in the immediately preceding year.

9 (ii) Property that was subject to ad valorem taxation under
10 this act in the immediately preceding year that is now exempt from
11 ad valorem taxation under this act. For purposes of determining the
12 taxable value of property under section 27a, the value of property
13 exempted from ad valorem taxation under this act is the amount
14 exempted.

15 (iii) ~~Prior to~~ **Before** December 31, 2013, an adjustment in value,
16 if any, because of a decrease in the property's occupancy rate, to
17 the extent provided by law. For purposes of determining the taxable
18 value of real property under section 27a, the value of a loss for a
19 decrease in the property's occupancy rate is the product of the
20 decrease in the true cash value of the property attributable to the
21 decreased occupancy rate multiplied by a fraction, the numerator of
22 which is the taxable value of the property in the immediately
23 preceding year and the denominator of which is the true cash value
24 of the property in the immediately preceding year.

25 (iv) A decrease in taxable value attributable to environmental
26 contamination existing on the immediately preceding tax day. The
27 department of ~~environmental quality~~ **environment, Great Lakes, and**
28 **energy** shall determine the degree to which environmental
29 contamination limits the use of property based on information

1 available in existing department of ~~environmental quality~~
2 **environment, Great Lakes, and energy** records or information made
3 available to the department of ~~environmental quality~~ **environment,**
4 **Great Lakes, and energy** if the appropriate assessing officer for a
5 local tax collecting unit requests that determination. The
6 department of ~~environmental quality's~~ **environment, Great Lakes, and**
7 **energy's** determination of the degree to which environmental
8 contamination limits the use of property ~~shall~~ **must** be based on the
9 criteria established for the categories set forth in section
10 20120a(1) of the natural resources and environmental protection
11 act, 1994 PA 451, MCL 324.20120a. The decrease in taxable value
12 attributable to the contamination is the decrease in true cash
13 value attributable to the contamination multiplied by a fraction,
14 the numerator of which is the taxable value of the property had it
15 not been contaminated and the denominator of which is the true cash
16 value of the property had it not been contaminated.

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

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

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

21 (j) "New construction and improvements" means additions less
22 losses.

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

25 (l) "Inflation rate" means the ratio of the general price level
26 for the state fiscal year ending in the calendar year immediately
27 preceding the current year divided by the general price level for
28 the state fiscal year ending in the calendar year before the year
29 immediately preceding the current year.

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

1 fraction. Upon request of the superintendent of the intermediate
2 school district, the county equalization director shall transmit
3 the complete computations of the taxable values to the
4 superintendent of the intermediate school district within that
5 county. At the request of the presidents of community colleges, the
6 county equalization director shall transmit the complete
7 computations of the taxable values to the presidents of community
8 colleges within the county.

9 (3) On or before the first Monday in June of each year, the
10 county equalization director shall deliver the statement of the
11 computations signed by the county equalization director to the
12 county treasurer.

13 (4) On or before the second Monday in June of each year, the
14 treasurer of each county shall certify the immediately preceding
15 year's taxable values, the current year's taxable values, the
16 amount of additions and losses for the current year, and the
17 current year's millage reduction fraction for each unit of local
18 government that levies a property tax in the county.

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

1 reduced, if necessary, in compliance with section 31 of article IX
2 of the state constitution of 1963.

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

10 (7) A millage reduction fraction ~~shall~~**must** be determined for
11 each year for each local unit of government. For ad valorem
12 property taxes that became a lien before January 1, 1983, the
13 numerator of the fraction ~~shall be~~**is** the total state equalized
14 valuation for the immediately preceding year multiplied by the
15 inflation rate and the denominator of the fraction ~~shall be~~**is** the
16 total state equalized valuation for the current year minus new
17 construction and improvements. For ad valorem property taxes that
18 become a lien after December 31, 1982 and through December 31,
19 1994, the numerator of the fraction ~~shall be~~**is** the product of the
20 difference between the total state equalized valuation for the
21 immediately preceding year minus losses multiplied by the inflation
22 rate and the denominator of the fraction ~~shall be~~**is** the total
23 state equalized valuation for the current year minus additions. For
24 ad valorem property taxes that are levied after December 31, 1994,
25 the numerator of the fraction ~~shall be~~**is** the product of the
26 difference between the total taxable value for the immediately
27 preceding year minus losses multiplied by the inflation rate and
28 the denominator of the fraction ~~shall be~~**is** the total taxable value
29 for the current year minus additions. For each year after 1993, a

1 millage reduction fraction ~~shall~~**must** not exceed 1.

2 (8) The compounded millage reduction fraction ~~shall~~**must** be
 3 calculated by multiplying the local unit's previous year's
 4 compounded millage reduction fraction by the current year's millage
 5 reduction fraction. The compounded millage reduction fraction for
 6 the year ~~shall~~**must** be multiplied by the maximum millage rate
 7 authorized by law or charter for the unit of local government for
 8 the year, except as provided by subsection (9). A compounded
 9 millage reduction fraction ~~shall~~**must** not exceed 1.

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

21 (10) A millage reduction fraction ~~shall~~**must** be applied
 22 separately to the aggregate maximum millage rate authorized by a
 23 charter and to each maximum millage rate authorized by state law
 24 for a specific purpose.

25 (11) A unit of local government may submit to the voters for
 26 their approval the levy in that year of a tax rate in excess of the
 27 limit set by this section. The ballot question ~~shall~~**must** ask the
 28 voters to approve the levy of a specific number of mills in excess
 29 of the limit. The provisions of this section do not allow the levy

1 of a millage rate in excess of the maximum rate authorized by law
 2 or charter. If the authorization to levy millage expires after 1993
 3 and a local governmental unit is asking voters to renew the
 4 authorization to levy the millage, the ballot question ~~shall~~**must**
 5 ask for renewed authorization for the number of expiring mills as
 6 reduced by the millage reduction required by this section. If the
 7 election occurs before June 1 of a year, the millage reduction is
 8 based on the immediately preceding year's millage reduction
 9 applicable to that millage. If the election occurs after May 31 of
 10 a year, the millage reduction ~~shall~~**must** be based on that year's
 11 millage reduction applicable to that millage had it not expired.

12 (12) A reduction or limitation under this section ~~shall~~**must**
 13 not be applied to taxes imposed for the payment of principal and
 14 interest on bonds or other evidence of indebtedness or for the
 15 payment of assessments or contract obligations in anticipation of
 16 which bonds are issued that were authorized before December 23,
 17 1978, as provided by section 4 of chapter I of former 1943 PA 202,
 18 or to taxes imposed for the payment of principal and interest on
 19 bonds or other evidence of indebtedness or for the payment of
 20 assessments or contract obligations in anticipation of which bonds
 21 are issued that are approved by the voters after December 22, 1978.

22 (13) If it is determined ~~subsequent to~~**after** the levy of a tax
 23 that an incorrect millage reduction fraction has been applied, the
 24 amount of additional tax revenue or the shortage of tax revenue
 25 ~~shall~~**must** be deducted from or added to the next regular tax levy
 26 for that unit of local government after the determination of the
 27 authorized rate pursuant to this section.

28 (14) If as a result of an appeal of county equalization or
 29 state equalization the taxable value of a unit of local government

1 changes, the millage reduction fraction for the year ~~shall~~**must** be
 2 recalculated. The financial officer shall effectuate an addition or
 3 reduction of tax revenue in the same manner as prescribed in
 4 subsection (13).

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

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

25 Enacting section 1. This amendatory act does not take effect
 26 unless Senate Bill No. ____ or House Bill No. 4379 (request no.
 27 01310'21 a) of the 101st Legislature is enacted into law.