

Act No. 145
Public Acts of 1993
Approved by the Governor
August 19, 1995
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**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Senators Posthumus, Cisky, DeGrow, Carl, Dunaskiss, Hoffman, DiNello, McManus, Gougeon, Smith, Holmes, Conroy, Hart, Kelly, O'Brien, Honigman, Wartner, Cherry, Vaughn, Miller and Welborn

ENROLLED SENATE BILL No. 1

AN ACT to amend sections 2, 27a, and 34d of Act No. 206 of the Public Acts of 1893, entitled as amended "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this act," section 27a as added by Act No. 539 of the Public Acts of 1982 and section 34d as amended by Act No. 38 of the Public Acts of 1991, being sections 211.2, 211.27a, and 211.34d of the Michigan Compiled Laws; and to add section 24f.

The People of the State of Michigan enact:

Section 1. Sections 2, 27a, and 34d of Act No. 206 of the Public Acts of 1893, section 27a as added by Act No. 539 of the Public Acts of 1982 and section 34d as amended by Act No. 38 of the Public Acts of 1991, being sections 211.2, 211.27a, and 211.34d of the Michigan Compiled Laws, are amended and section 24f is added to read as follows:

Sec. 2. (1) For the purpose of taxation, real property includes all lands within the state, all buildings and fixtures on the land and appurtenances thereto, except as expressly exempted by law, and includes all real property owned by the state or purchased or condemned for public highway purposes by any board, officer, commission, or department of the state and sold on land contract, notwithstanding the fact that the deed has not been executed transferring title.

(2) The taxable status of persons and real and personal property for a tax year shall be determined as of each December 31 of the immediately preceding year, which is considered the tax day, any provisions in the charter of any city or village to the contrary notwithstanding. However, beginning in 1994 and each year after 1994, the valuation of real and personal property for a year shall be determined as of each December 31 in the year immediately preceding the year of the tax day, which is considered the valuation day. An assessing officer is not restricted to any particular period in the preparation of the assessment roll but may survey, examine, or review properties at any time before or after the tax day.

(3) Notwithstanding a provision to the contrary in any law, if real property is acquired for public purposes by purchase or condemnation, all general property taxes, but not penalties, levied during the 12 months immediately preceding, but not including, the day title passes to the public agency shall be prorated in accordance with this subsection. The seller or condemnee is responsible for the portion of taxes from the levy date or dates to, but not including, the day title passes and the public agency is responsible for the remainder of the taxes. If the date that title will pass cannot be ascertained definitely and an agreement in advance to prorate taxes is desirable, an estimated date for the passage of title may be agreed to. In the absence of an agreement, the public agency shall compute the proration of taxes as of the date title passes. The question of proration of taxes shall not be considered in any condemnation proceeding. As used in this paragraph "levy date" means the day on which general property taxes become due and payable. In addition to the portion of taxes for which the public agency is responsible under the provisions of this subsection, the public agency is also responsible for all general property taxes levied on or after the date title passes and before the property is removed from the tax rolls.

(4) In a real estate transaction between private parties in the absence of an agreement to the contrary, the seller is responsible for that portion of the annual taxes levied during the 12 months immediately preceding, but not including, the day title passes, from the levy date or dates to, but not including, the day title passes and the buyer is responsible for the remainder of the annual taxes. As used in this subsection, "levy date" means the day on which a general property tax becomes due and payable.

Sec. 24f. (1) When submitting a proposal on the question of authorizing a millage rate to be levied under this act, the ballot shall state the amount of the millage increase proposed and shall provide an estimate of the revenue increase the taxing unit will collect if that increase is approved and levied by the taxing unit in the first calendar year of the increase.

(2) A taxing unit shall hold not more than 2 elections in a calendar year concerning the authorization of a millage rate greater than the product of the immediately preceding year's reduced maximum authorized rate or rates as defined in section 34d(16) multiplied by the current year's millage reduction fraction, regardless of the number of questions presented at the election.

(3) A taxing unit that levies millage under this act shall not submit a single question to the electors of the taxing unit requesting both the renewal of voter authorized millage and the authorization of new additional millage. If authorization to levy millage has expired and if the taxing unit submits to the electors the authorization of millage greater than the number of expired mills reduced pursuant to the millage reduction in section 34d(11), the taxing unit shall submit 1 question for authorization of the number of expired mills reduced pursuant to the millage reduction in section 34d(11) and 1 or more additional questions for the authorization of millage in excess of that amount.

Sec. 27a. (1) Except as otherwise provided in subsections (2) and (3), property shall be assessed at 50% of its true cash value pursuant to section 3 of article IX of the state constitution of 1963.

(2) Assessment of property, as required in this section and section 27, is inapplicable to the assessment of property subject to the levy of ad valorem taxes within voted tax limitation increases to pay principal and interest on limited tax bonds issued by any governmental unit, including a county, township, community college district, or school district, before January 1, 1964, if the assessment required to be made under this act would be less than the assessment as state equalized prevailing on the property at the time of the issuance of the bonds. This inapplicability shall continue until levy of taxes to pay principal and interest on the bonds is no longer required. The assessment of property required by this act shall be applicable for all other purposes.

(3) Beginning December 31, 1993, all property is exempt from millage levied for local school district operating purposes. Millage levied for local school district operating purposes does not include millage levied by a local school district for a community college under section 1602a of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1602a of the Michigan Compiled Laws.

(4) Beginning December 31, 1993, all property is exempt from millage for intermediate school district operating purposes.

Sec. 34d. (1) As used in this section or section 31 of article IX of the state constitution of 1963, or both:

(a) "Additions" means all increases in value caused by new construction or a physical addition of equipment or furnishings, and the value of property that was exempt from taxes or not included on the assessment unit's immediately preceding year's assessment roll.

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

(c) "General price level" means the annual average of the United States consumer price index for all urban consumers as defined and officially reported by the United States department of labor, bureau of labor statistics.

(d) "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.

(e) "New construction and improvements" means additions less losses.

(f) "Current year" means the year for which the millage limitation is being calculated.

(g) "Inflation rate" means the ratio of the general price level for the calendar year immediately preceding the current year divided by the general price level for the calendar year before the year immediately preceding the current year.

(2) On or before the first Monday in May of each year, the assessing officer of each township or city shall tabulate the assessed valuation as approved by the local board of review for each classification of property that is separately equalized for each unit of local government and provide the tabulated assessed valuations to the county equalization director. The tabulation by the assessing officer shall contain additions and losses for each classification of property that is separately equalized for each unit of local government or part of a unit of local government in the township or city. The county equalization director shall compute these amounts and the current and immediately preceding year's state equalized valuation for each classification of property that is separately equalized for each unit of local government that levies taxes under this act within the boundary of the county. The county equalization director shall cooperate with equalization directors of neighboring counties, as necessary, to make the computation for units of local government located in more than 1 county. The county equalization director shall calculate the millage reduction fraction for each unit of local government in the county for the current year. The financial officer for each taxing jurisdiction shall calculate the compounded millage reduction fractions beginning in 1980 resulting from the multiplication of successive millage reduction fractions and shall recognize a local voter action to increase the compounded millage reduction fraction to a maximum of 1 as a new beginning fraction. Upon request of the superintendent of the intermediate school district, the county equalization director shall transmit the complete computations of the assessed valuations to the superintendent of the intermediate school district within that county. At the request of the presidents of community colleges, the county equalization director shall transmit the complete computations of the assessed valuation to the presidents of community colleges within the county.

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

(4) On or before the second Monday in June of each year, the treasurer of each county shall certify the immediately preceding year's state equalized valuation, the current year's state equalized valuation, the amount of additions and losses for the current year, and the current year's millage reduction fraction for each unit of local government that levies a property tax in the county.

(5) The financial officer of each unit of local government shall make the computation of the tax rate using the data certified by the county treasurer and the state tax commission. At the annual session in October, the county board of commissioners shall not authorize the levy of a tax unless the governing body of the taxing jurisdiction has certified that the requested millage has been reduced, if necessary, in compliance with section 31 of article IX of the state constitution of 1963.

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

(7) A millage reduction fraction shall be determined for each year for each local unit of government. For ad valorem property taxes that became a lien before January 1, 1983, the numerator of the fraction shall be the total state equalized valuation for the immediately preceding year multiplied by the inflation rate and the denominator of the fraction shall be the total state equalized valuation for the current year minus new construction and improvements. For ad valorem property taxes that become a lien after December 31, 1982, the numerator of the fraction shall be the product of the difference between the total state equalized valuation for the immediately preceding year minus losses multiplied by the inflation rate and the denominator of the fraction shall be the total state equalized valuation for the current year minus additions. For each year after 1993, a millage reduction fraction shall not exceed 1.

(8) The compounded millage reduction fraction for each year after 1980 shall be calculated by multiplying the local unit's previous year's compounded millage reduction fraction by the current year's millage reduction fraction. Beginning with 1980 tax levies, the compounded millage reduction fraction for the year shall be multiplied by the maximum millage rate authorized by law or charter for the unit of local government for the year, except as provided by subsection (9). A compounded millage reduction fraction shall not exceed 1.

(9) The millage reduction shall be determined separately for authorized millage approved by the voters. The limitation on millage authorized by the voters on or before May 31 of a year shall be calculated beginning with the millage reduction fraction for that year. Millage authorized by the voters after May 31 shall not be subject to a millage reduction until the year following the voter authorization which shall be calculated beginning with the millage reduction fraction for the year following the authorization. The first millage reduction fraction used in calculating the limitation on millage approved by the voters after January 1, 1979 shall not exceed 1.

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

(11) A unit of local government may submit to the voters for their approval the levy in that year of a tax rate in excess of the limit set by this section. The ballot question shall ask the voters to approve the levy of a specific number of mills in excess of the limit. The provisions of this section do not allow the levy of a millage rate in excess of the maximum rate authorized by law or charter. If the authorization to levy millage expires after 1993 and a local governmental unit is asking voters to renew the authorization to levy the millage, the ballot question shall ask for renewed authorization for the number of expiring mills as reduced by the millage reduction required by this section. If the election occurs before June 1 of a year, the millage reduction is based on the immediately preceding year's millage reduction applicable to that millage. If the election occurs after May 31 of a year, the millage reduction shall be based on that year's millage reduction applicable to that millage had it not expired.

(12) A reduction or limitation under this section shall not be applied to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued that were authorized before December 23, 1978, as provided by former section 4 of chapter I of the municipal finance act, Act No. 202 of the Public Acts of 1943, or to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued that are approved by the voters after December 22, 1978.

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

(14) If as a result of an appeal of county equalization or state equalization the state equalized valuation of a unit of local government changes, the millage reduction fraction for the year shall be recalculated. The financial officer shall effectuate an addition or reduction of tax revenue in the same manner as prescribed in subsection (13).

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

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

This act is ordered to take immediate effect.

Secretary of the Senate.

Co-Clerk of the House of Representatives.

Approved -----

Governor.

