



HOUSE BILL No. 5359

November 7, 1995, Introduced by Reps. Bobier and Bullard and referred to the Committee on Tax Policy.

A bill to amend sections 10f, 27b, 30c, 34c, and 34d of Act No. 206 of the Public Acts of 1893, entitled as amended "The general property tax act," sections 10f, 30c, and 34d as amended and section 27b as added by Act No. 415 of the Public Acts of 1994, being sections 211.10f, 211.27b, 211.30c, 211.34c, and 211.34d of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 10f, 27b, 30c, 34c, and 34d of Act
2 No. 206 of the Public Acts of 1893, sections 10f, 30c, and 34d as
3 amended and section 27b as added by Act No. 415 of the Public
4 Acts of 1994, being sections 211.10f, 211.27b, 211.30c, 211.34c,
5 and 211.34d of the Michigan Compiled Laws, are amended to read as
6 follows:

1 Sec. 10f. (1) If a local assessing district does not have
2 an assessment roll that has been certified by a qualified
3 certified assessing officer, or if a certified assessor OR A
4 BOARD OF REVIEW FOR A LOCAL TAX COLLECTING UNIT is not in sub-
5 stantial compliance with the provisions of this act, the state
6 tax commission shall assume jurisdiction over the assessment roll
7 and provide for the preparation of a certified roll. The commis-
8 sion may order the county tax or equalization department to pre-
9 pare the roll; may provide for the use of state employees to pre-
10 pare the roll; or may order the local assessing unit to contract
11 with a commercial appraisal firm to conduct an appraisal of the
12 property in the assessing unit under the supervision of the
13 county tax or equalization department and the commission. The
14 costs of an appraisal and the preparation of the roll by the
15 county tax or equalization department or by the commission shall
16 be paid by the local assessing district as provided by section
17 10d. The commission shall consider the quality of the tax maps
18 and appraisal records required by section 10e as part of its
19 investigation of the facts before ordering the local assessing
20 unit to contract for an appraisal.

21 (2) If a certified assessment roll cannot be provided in
22 sufficient time for a summer tax levy, or for the annual levy on
23 December 1, the commission shall order the levy of interim taxes
24 based on the tentative taxable value of individual properties as
25 determined by the commission. TENTATIVE TAXABLE VALUES SHALL BE
26 CALCULATED PURSUANT TO SECTION 27A. STATE EQUALIZED VALUES
27 NECESSARY TO DETERMINE TENTATIVE TAXABLE VALUES SHALL BE

1 DETERMINED BY THE COMMISSION, sitting as the state board of
2 equalization, apportioned to the local assessing unit by the
3 county board of commissioners, and apportioned to each property
4 in proportion to the ~~tentative taxable values~~ ASSESSED
5 VALUATION entered in the current uncertified assessment roll. If
6 there is no current assessment roll, the commission shall substi-
7 tute the latest complete assessment roll for the current roll for
8 the interim tax levy. The payment of a tax levied as an interim
9 tax levy does not constitute a final and ultimate discharge of
10 the taxpayer's liability for the tax levied against that
11 property. An interim tax levy made under this subsection shall
12 be clearly labeled as an "interim tax levy subject to adjustment
13 after an assessment roll is certified".

14 (3) Within 30 days after the final determination by the com-
15 mission of the assessed valuation and taxable value for each
16 individual property listed on the assessment roll, the commission
17 shall cause to be mailed a notice of the new assessment and new
18 taxable value to each owner. An owner has the right to petition
19 the tax tribunal directly for a hearing on the assessed valuation
20 or taxable value within 30 days after the date of the notice in
21 the same manner as provided under section 35 of the tax tribunal
22 act, Act No. 186 of the Public Acts of 1973, being section
23 205.735 of the Michigan Compiled Laws. The notice shall specify
24 each parcel of property, the assessed valuation for the current
25 year, the assessed valuation for the immediately preceding year,
26 the tentative taxable value for the current year, the taxable
27 value for the immediately preceding year, the state equalized

1 valuation for the immediately preceding year, the tentative
2 equalized valuation for the current year, the net change in the
3 assessed valuation, the net change in the tentative taxable
4 value, and the net change between the tentative equalized valua-
5 tion for the current year and the state equalized valuation for
6 the immediately preceding year. The notice shall ~~also~~ include
7 a statement informing the owner that an appeal of the assessment
8 or taxable value must be made within 30 days of the date of the
9 assessment notice directly to the tax tribunal and shall ALSO
10 include information on how and where an appeal can be made.

11 (4) After the final determination of the equalized assessed
12 valuations and taxable values by the commission, the assessing
13 officer ~~or~~, or, if there is no assessing officer, an agent desig-
14 nated by the commission ~~or~~ shall determine the difference in
15 tax, if any, between the interim levy and a levy made on the
16 final taxable values as finally determined by the commission,
17 which may be referred to as the "final levy". The final levy
18 shall be at the rates that were approved and ordered spread for
19 the year in which there was not a certified assessment roll.

20 (5) A difference in the tax determined in subsection (4)
21 shall be reported to the county board of commissioners, which
22 shall order that additional taxes or credits against individual
23 properties ~~shall~~ be added to or subtracted from the next suc-
24 ceeding annual tax roll, together with a proportionate share of
25 the property tax administration fee, if a fee is charged, appli-
26 cable to the difference.

1 (6) Additional taxes collected or credits against the tax
2 liability made under this section shall be shared by taxing units
3 in the respective proportions that they share the revenue
4 received from the final levy.

5 (7) The commission shall render technical assistance if nec-
6 essary to implement this section.

7 (8) The commission shall provide the tax tribunal with a
8 certified copy of its orders and a copy of each final determina-
9 tion made under this section.

10 Sec. 27b. (1) If the buyer, ~~grantor~~ GRANTEE, or OTHER
11 transferee IN THE IMMEDIATELY PRECEDING TRANSFER OF OWNERSHIP OF
12 PROPERTY does not notify ~~an~~ THE APPROPRIATE assessing office as
13 required by ~~this act~~ SECTION 27A(8), all of the following ~~may~~
14 SHALL be levied:

15 (a) Any additional taxes that would have been levied if the
16 transfer of ownership had been recorded as required under this
17 act from the date of transfer.

18 (b) Interest and penalty from the date the tax would have
19 been originally levied.

20 (c) A penalty of \$5.00 per day for each separate failure
21 beginning after the ~~30~~ 45 days have elapsed, up to a maximum of
22 \$200.00.

23 (2) THE APPROPRIATE ASSESSING OFFICER SHALL CERTIFY FOR COL-
24 LECTION TO THE TREASURER OF THE APPROPRIATE LOCAL TAX COLLECTING
25 UNIT ANY ADDITIONAL TAXES DUE UNDER SUBSECTION (1)(A) AND ANY
26 PENALTY DUE UNDER SUBSECTION (1)(C).

1 (3) ~~(2)~~ The treasurer OF THE APPROPRIATE LOCAL TAX
2 COLLECTING UNIT shall ~~determine~~ COLLECT any taxes, interest,
3 and penalty due pursuant to this section, and SHALL IMMEDIATELY
4 prepare and submit a corrected tax bill.

5 (4) ~~(3)~~ Any taxes, interest, and penalty collected pursu-
6 ant to ~~this section~~ SUBSECTION (1)(A) AND (B) shall be distrib-
7 uted in the same manner as other delinquent taxes, INTEREST, AND
8 PENALTIES are distributed under this act. ANY PENALTY COLLECTED
9 UNDER SUBSECTION (1)(C) SHALL BE DISTRIBUTED TO THE APPROPRIATE
10 LOCAL TAX COLLECTING UNIT.

11 (5) ~~(4)~~ The governing body of a local tax collecting unit
12 may waive, by resolution, the penalty levied under subsection
13 (1)(c).

14 (6) A BUYER, GRANTEE, OR OTHER TRANSFEREE MAY APPEAL THE
15 LEVY OF ANY ADDITIONAL TAXES, INTEREST, AND PENALTIES UNDER
16 SUBSECTION (1) TO THE MICHIGAN TAX TRIBUNAL WITHIN 35 DAYS OF THE
17 LEVY. AN APPEAL UNDER THIS SUBSECTION IS LIMITED TO THE ISSUES
18 OF WHETHER A TRANSFER OF OWNERSHIP HAS OCCURRED AND CORRECTING
19 ARITHMETIC ERRORS. A DISPUTE REGARDING THE VALUATION OF THE
20 PROPERTY IS NOT A BASIS FOR APPEAL UNDER THIS SUBSECTION.

21 Sec. 30c. (1) If a taxpayer has the assessed value or tax-
22 able value reduced on his or her property as a result of a pro-
23 test to the board of review under section 30, the assessor shall
24 use that reduced amount as the basis for calculating the assess-
25 ment in the immediately succeeding year. HOWEVER, THE TAXABLE
26 VALUE OF THAT PROPERTY IN A TAX YEAR IMMEDIATELY SUCCEEDING A

1 TRANSFER OF OWNERSHIP OF THAT PROPERTY IS THAT PROPERTY'S STATE
2 EQUALIZED VALUATION AS CALCULATED UNDER THIS SECTION.

3 (2) If a taxpayer appears before the tax tribunal during the
4 same tax year for which the state equalized valuation, assessed
5 value, or taxable value is appealed and has the state equalized
6 valuation, assessed value, or taxable value of his or her prop-
7 erty reduced pursuant to a final order of the tax tribunal, the
8 assessor shall use the reduced state equalized valuation,
9 assessed value, or taxable value as the basis for calculating the
10 assessment in the immediately succeeding year. HOWEVER, THE TAX-
11 ABLE VALUE OF THAT PROPERTY IN A TAX YEAR IMMEDIATELY SUCCEEDING
12 A TRANSFER OF OWNERSHIP OF THAT PROPERTY IS THAT PROPERTY'S STATE
13 EQUALIZED VALUATION AS CALCULATED UNDER THIS SECTION.

14 (3) This section applies to an assessment established for
15 taxes levied after January 1, 1994. This section does not apply
16 to a change in assessment due to a protest regarding a claim of
17 exemption.

18 Sec. 34c. (1) Not later than the first Monday in March in
19 each year, the assessor shall classify every item of assessable
20 property according to the definitions contained in this section.
21 Following the MARCH board of review, the assessor shall tabulate
22 the total number of items and the valuations as approved by the
23 board of review for each classification and for the totals of
24 real and personal property in the LOCAL TAX COLLECTING unit. The
25 assessor shall transmit to the county equalization department and
26 to the state tax commission the tabulation of assessed valuations
27 and ~~such~~ other statistical information ~~as~~ the state tax

1 commission considers necessary to meet the requirements of this
2 act and Act No. 44 of the Public Acts of 1911, ~~as amended,~~
3 being sections 209.1 to 209.8 of the Michigan Compiled Laws.

4 (2) The classifications of assessable real property ~~shall~~
5 ~~be~~ ARE described as follows:

6 (a) Agricultural real property includes ~~those~~ parcels used
7 partially or wholly ~~as farm land~~ FOR AGRICULTURAL OPERATIONS,
8 with or without buildings, and ~~those~~ parcels assessed to the
9 department of natural resources and valued by the state tax
10 commission. As used in this subdivision, "agricultural
11 operations" means ~~farming~~ THE FOLLOWING:

12 (i) FARMING in all its branches, including cultivating ~~of~~
13 soil. ~~, growing~~

14 (ii) GROWING and harvesting ~~of~~ any agricultural, horticult-
15 tural, or floricultural commodity. ~~, dairying, raising of~~

16 (iii) DAIRYING.

17 (iv) RAISING livestock, bees, fish, fur-bearing animals, or
18 poultry. ~~, turf~~

19 (v) TURF and tree farming. ~~, and performing~~

20 (vi) PERFORMING any practices on a farm ~~as an~~ incident to,
21 or in conjunction with, ~~these~~ farming operations. A commercial
22 storage, processing, distribution, marketing, or shipping
23 ~~operations shall~~ OPERATION IS not ~~be considered~~ part of ~~the~~
24 ~~farming operation~~ AGRICULTURAL OPERATIONS.

25 (b) Commercial real property includes ~~those platted~~ THE
26 FOLLOWING:

1 (i) PLATTED or unplatted parcels used for commercial
 2 purposes, whether wholesale, retail, or service, with or without
 3 buildings. ~~, those parcels~~

4 (ii) PARCELS used by fraternal societies. ~~, and those~~
 5 ~~parcels~~

6 (iii) PARCELS used as golf courses, boat clubs, ski areas,
 7 or apartment buildings with more than 4 units.

8 (c) Developmental real property includes ~~those~~ parcels
 9 containing more than 5 acres without buildings, or more than 15
 10 acres ~~and whose~~ WITH A MARKET value in ~~sale exceeds~~ EXCESS OF
 11 its ~~present~~ value in use. Developmental real property may
 12 include farm land or open space land adjacent to a population
 13 center, or farm land subject to several competing valuation
 14 influences.

15 (d) Industrial real property includes ~~those platted~~ THE
 16 FOLLOWING:

17 (i) PLATTED or unplatted parcels used for manufacturing and
 18 processing purposes, with or without buildings. ~~, those~~
 19 ~~parcels~~

20 (ii) PARCELS used for utilities sites for generating plants,
 21 pumping stations, switches, substations, compressing stations,
 22 warehouses, ~~and right~~ RIGHTS-of-way, flowage land, and storage
 23 areas. ~~, and those parcels~~

24 (iii) PARCELS used for removal or processing of gravel,
 25 stone, or mineral ores, whether valued by the local assessor or
 26 by the state geologist.

1 (e) Residential real property includes ~~those platted~~ THE
2 FOLLOWING:

3 (i) PLATTED or unplatted parcels, with or without buildings,
4 and condominium apartments located within or outside a village or
5 city, which are used for, or probably will be used for, residen-
6 tial purposes. ~~, and those parcels which~~

7 (ii) PARCELS THAT are used for, or probably will be used
8 for, recreational purposes, such as lake lots and hunting lands,
9 located in an area used predominantly for recreational purposes.

10 (f) Timber-cutover real property includes ~~those~~ parcels
11 ~~which~~ THAT are stocked with forest products of merchantable
12 type and size, cutover forest land with little or no merchantable
13 products, and marsh lands or other barren land. However, when A
14 typical ~~purchases~~ PURCHASE of this type OF land is for residen-
15 tial or recreational uses, the classification shall be changed to
16 residential.

17 (3) The classifications of assessable personal property
18 ~~shall be~~ ARE described as follows:

19 (a) Agricultural personal property includes farm buildings
20 on leased land and any agricultural equipment and produce not
21 exempt by law.

22 (b) Commercial personal property includes ~~all~~ THE
23 FOLLOWING:

24 (i) ALL equipment, furniture, and fixtures on commercial
25 parcels, and inventories not exempt by law. ~~, outdoor~~

26 (ii) OUTDOOR advertising signs and billboards. ~~, well~~

1 (iii) WELL drilling rigs and other equipment attached to a
2 transporting vehicle but not designed for operation while the
3 vehicle is moving on the highway. ~~, unlicensed~~

4 (iv) UNLICENSED commercial vehicles or ~~those~~ COMMERCIAL
5 VEHICLES licensed as special mobile equipment or by temporary
6 permits. ~~, and commercial~~

7 (v) COMMERCIAL buildings on leased land.

8 (c) Industrial personal property includes ~~all~~ THE
9 FOLLOWING:

10 (i) ALL machinery and equipment, furniture and fixtures, and
11 dies on industrial parcels, and inventories not exempt by law.

12 ~~, industrial~~

13 (ii) INDUSTRIAL buildings on leased land. ~~, and personal~~

14 (iii) PERSONAL property of mining companies valued by the
15 state geologist.

16 (d) Residential personal property includes ~~homes, cottages,~~
17 ~~or cabins~~ A HOME, COTTAGE, OR CABIN on leased land, and ~~mobile~~
18 ~~homes which~~ A MOBILE HOME THAT would be assessable as real prop-
19 erty under section 2a except that the land on which ~~they are~~ IT
20 IS located is not assessable because ~~it~~ THE LAND is exempt.

21 (e) Utility personal property includes ~~electric~~ THE
22 FOLLOWING:

23 (i) ELECTRIC transmission and distribution systems, substa-
24 tion equipment, spare parts, gas distribution systems, and water
25 transmission and distribution systems. ~~, oil~~

1 (ii) OIL wells and allied equipment ~~→~~ such as tanks,
2 gathering lines, field pump units, and buildings. →

3 ~~inventories~~

4 (iii) INVENTORIES not exempt by law. ~~→ gas~~

5 (iv) GAS wells with allied equipment and gathering lines.

6 ~~→ oil~~

7 (v) OIL or gas field equipment stored in the open or in
8 warehouses ~~→~~ such as drilling rigs, motors, pipes, and parts.

9 ~~→ gas~~

10 (vi) GAS storage equipment. ~~→ transmission~~

11 (vii) TRANSMISSION lines of gas or oil transporting
12 companies. ~~→ and utility~~

13 (viii) UTILITY buildings on leased land.

14 (4) Buildings on leased land of any classification are
15 improvements ~~where~~ IF the owner of the improvement is not the
16 owner of the land or fee and has not bound himself OR HERSELF to
17 pay taxes levied against the land or fee and the improvement has
18 been assessed as personal property pursuant to section 14(6).

19 (5) If the total usage of a parcel includes more than 1
20 classification, the assessor shall determine ~~that~~ THE classifi-
21 cation ~~which~~ THAT most significantly influences the total valu-
22 ation of the parcel.

23 (6) An owner of any assessable property who ~~is aggrieved~~
24 with DISPUTES the classification of ~~the~~ THAT parcel → shall
25 notify the assessor and may protest the assigned classification
26 to the ~~regular~~ MARCH board of review. An owner or assessor
27 ~~who is not satisfied with~~ MAY APPEAL the decision of the MARCH

1 board of review ~~may file~~ BY FILING a petition with the state
2 tax commission ~~within 30 days after the adjournment of the board~~
3 ~~of review~~ NOT LATER THAN JUNE 30 IN THAT TAX YEAR. The state
4 tax commission shall arbitrate the petition based ~~upon~~ ON the
5 written petition and the written recommendations of the assessor
6 and the state tax commission staff. An appeal may not be taken
7 from the decision of the state tax commission regarding classifi-
8 cation complaint petitions and ~~their~~ THE STATE TAX COMMISSION'S
9 determination ~~shall be~~ IS final and binding for the year of the
10 petition.

11 (7) This section shall not be construed to encourage the
12 assessment of property at other than the uniform percentage of
13 true cash value prescribed by this act.

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

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

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

23 (i) Omitted real property. As used in this subparagraph,
24 "omitted real property" means previously existing tangible real
25 property not included in the assessment. Omitted real property
26 shall not increase taxable value as an addition unless the
27 assessing jurisdiction has a property record card or other

1 documentation showing that the omitted real property was not
2 previously included in the assessment. The assessing jurisdic-
3 tion has the burden of proof in establishing whether the omitted
4 real property is included in the assessment. Omitted real prop-
5 erty for the current and the 2 immediately preceding years, dis-
6 covered after the assessment roll has been completed, shall be
7 added to the tax roll pursuant to the procedures established in
8 section 154. For purposes of determining the taxable value of
9 real property under section 27a, the value of omitted real prop-
10 erty is based on the value and the ratio of taxable value to true
11 cash value the omitted real property would have had if the prop-
12 erty had not been omitted.

13 (ii) Omitted personal property. As used in this subpara-
14 graph, "omitted personal property" means previously existing tan-
15 gible personal property not included in the assessment. Omitted
16 personal property shall be added to the tax roll pursuant to sec-
17 tion 154.

18 (iii) New construction. As used in this subparagraph, "new
19 construction" means property not in existence on the immediately
20 preceding tax day and not replacement construction. New con-
21 struction includes the physical addition of equipment or furnish-
22 ings, subject to the provisions set forth in section 27(2)(a) to
23 (o). For purposes of determining the taxable value of property
24 under section 27a, the value of new construction is the true cash
25 value of the new construction multiplied by 0.50.

26 (iv) Previously exempt property. As used in this
27 subparagraph, "previously exempt property" means property that

1 was exempt from ad valorem taxation under this act on the
2 immediately preceding tax day but is subject to ad valorem taxa-
3 tion on the current tax day under this act. For purposes of
4 determining the taxable value of real property under section
5 27a:

6 (A) The value of property previously exempt under section 7u
7 is the taxable value the entire parcel of property would have had
8 if that property had not been exempt, minus the product of the
9 entire parcel's taxable value in the immediately preceding year
10 and the lesser of 1.05, ~~or~~ the inflation rate, OR A FRACTION
11 THE NUMERATOR OF WHICH IS THE PROPERTY'S STATE EQUALIZED VALUE
12 FOR THE CURRENT YEAR MINUS NEW PROPERTY AND THE DENOMINATOR OF
13 WHICH IS THE PROPERTY'S STATE EQUALIZED VALUE FOR THE IMMEDIATELY
14 PRECEDING YEAR MINUS ANY LOSS. AS USED IN THIS SUB-SUBPARAGRAPH,
15 "NEW PROPERTY" AND "LOSS" MEAN THOSE TERMS AS DEFINED BY THE
16 STATE TAX COMMISSION AND USED IN THE EQUALIZATION PROCESS UNDER
17 SECTION 34.

18 (B) The taxable value of property that is a new facility as
19 that term is defined in section 2 of Act No. 198 of the Public
20 Acts of 1974, being section 207.552 of the Michigan Compiled
21 Laws, that was previously exempt under section 7k is the taxable
22 value that property would have had under this act if it had not
23 been exempt.

24 (C) The value of property previously exempt under any other
25 section of law is the true cash value of the previously exempt
26 property multiplied by 0.50.

1 (v) Replacement construction. As used in this subparagraph,
2 "replacement construction" means construction that replaced
3 property damaged or destroyed by accident or act of God and that
4 occurred after the immediately preceding tax day to the extent
5 the construction's true cash value does not exceed the true cash
6 value of property that was damaged or destroyed by accident or
7 act of God in the immediately preceding 3 years. For purposes of
8 determining the taxable value of property under section 27a, the
9 value of the replacement construction is the true cash value of
10 the replacement construction multiplied by a fraction the numera-
11 tor of which is the taxable value of the property to which the
12 construction was added in the immediately preceding year and the
13 denominator of which is the true cash value of the property to
14 which the construction was added in the immediately preceding
15 year MULTIPLIED BY THE LESSER OF 1.05, THE INFLATION RATE, OR A
16 FRACTION THE NUMERATOR OF WHICH IS THE STATE EQUALIZED VALUE OF
17 THE PROPERTY TO WHICH THE CONSTRUCTION WAS ADDED FOR THE CURRENT
18 YEAR MINUS NEW PROPERTY AND THE DENOMINATOR OF WHICH IS THE STATE
19 EQUALIZED VALUE OF THE PROPERTY TO WHICH THE CONSTRUCTION WAS
20 ADDED FOR THE IMMEDIATELY PRECEDING YEAR MINUS ANY LOSS. AS USED
21 IN THIS SUBPARAGRAPH, "NEW PROPERTY" AND "LOSS" MEAN THOSE TERMS
22 AS DEFINED BY THE STATE TAX COMMISSION AND USED IN THE EQUALIZA-
23 TION PROCESS UNDER SECTION 34.

24 (vi) An increase in taxable value attributable to the com-
25 plete or partial remediation of environmental contamination
26 existing on the immediately preceding tax day. The degree of
27 remediation shall be determined by the department of ~~natural~~

1 ~~resources~~ ENVIRONMENTAL QUALITY. The increase in taxable value
2 attributable to the remediation is the increase in true cash
3 value attributable to the remediation multiplied by a fraction
4 the numerator of which is the taxable value of the property had
5 it not been contaminated and the denominator of which is the true
6 cash value of the property had it not been contaminated.

7 (vii) An increase in the value attributable to the
8 property's occupancy rate if either a loss, as that term is
9 defined in this section, had been previously allowed because of a
10 decrease in the property's occupancy rate or if the value of new
11 construction was reduced because of a below-market occupancy
12 rate. For purposes of determining the taxable value of property
13 under section 27a, the value of an addition for the increased
14 occupancy rate is the product of the increase in the true cash
15 value of the property attributable to the increased occupancy
16 rate multiplied by a fraction the numerator of which is the tax-
17 able value of the property in the immediately preceding year and
18 the denominator of which is the true cash value of the property
19 in the immediately preceding year, AND THEN MULTIPLIED BY THE
20 LESSER OF 1.05, THE INFLATION RATE, OR A FRACTION THE NUMERATOR
21 OF WHICH IS THE PROPERTY'S STATE EQUALIZED VALUE FOR THE CURRENT
22 YEAR MINUS NEW PROPERTY AND THE DENOMINATOR OF WHICH IS THE
23 PROPERTY'S STATE EQUALIZED VALUE FOR THE IMMEDIATELY PRECEDING
24 YEAR MINUS ANY LOSS. AS USED IN THIS SUBPARAGRAPH, "NEW
25 PROPERTY" AND "LOSS" MEAN THOSE TERMS AS DEFINED BY THE STATE TAX
26 COMMISSION AND USED IN THE EQUALIZATION PROCESS UNDER SECTION
27 34.

1 (viii) Public services. As used in this subparagraph,
2 "public services" means water service, sewer service, a primary
3 access road, natural gas service, electrical service, telephone
4 service, sidewalks, or street lighting. For purposes of deter-
5 mining the taxable value of real property under section 27a, the
6 value of public services is the amount of increase in true cash
7 value of the property attributable to the available public serv-
8 ices multiplied by 0.50 and shall be added in the calendar year
9 following the calendar year when those public services are ini-
10 tially available.

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

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

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

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

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

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

23 (f) "General price level" means the annual average of the 12
24 monthly values for the United States consumer price index for all
25 urban consumers as defined and officially reported by the United
26 States department of labor, bureau of labor statistics.

1 (g) For taxes levied before 1995, "losses" means a decrease
2 in value caused by the removal or destruction of real or personal
3 property and the value of property taxed in the immediately pre-
4 ceding year that has been exempted or removed from the assessment
5 unit's assessment roll.

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

8 (i) Property that has been destroyed or removed. For pur-
9 poses of determining the taxable value of property under section
10 27a, the value of property destroyed or removed is the product of
11 the true cash value of that property multiplied by a fraction the
12 numerator of which is the taxable value of that property in the
13 immediately preceding year and the denominator of which is the
14 true cash value of that property in the immediately preceding
15 year.

16 (ii) Property that was subject to ad valorem taxation under
17 this act in the immediately preceding year that is now exempt
18 from ad valorem taxation under this act. For purposes of deter-
19 mining the taxable value of property under section 27a, the value
20 of property exempted from ad valorem taxation under this act is
21 the amount exempted.

22 (iii) An adjustment in value, if any, because of a decrease
23 in the property's occupancy rate, to the extent provided by law.
24 For purposes of determining the taxable value of real property
25 under section 27a, the value of a loss for a decrease in the
26 property's occupancy rate is the product of the decrease in the
27 true cash value of the property attributable to the decreased

1 occupancy rate multiplied by a fraction the numerator of which is
2 the taxable value of the property in the immediately preceding
3 year and the denominator of which is the true cash value of the
4 property in the immediately preceding year.

5 (iv) A decrease in taxable value attributable to environmen-
6 tal contamination existing on the immediately preceding tax day.
7 The degree of contamination shall be determined by the department
8 of ~~natural resources~~ ENVIRONMENTAL QUALITY. The decrease in
9 taxable value attributable to the contamination is the decrease
10 in true cash value attributable to the contamination multiplied
11 by a fraction the numerator of which is the taxable value of the
12 property had it not been contaminated and the denominator of
13 which is the true cash value of the property had it not been
14 contaminated.

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

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

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

19 (j) "New construction and improvements" means additions less
20 losses.

21 (k) "Current year" means the year for which the millage lim-
22 itation is being calculated.

23 (l) "Inflation rate" means the ratio of the general price
24 level for the state fiscal year ending in the calendar year imme-
25 diately preceding the current year divided by the general price
26 level for the state fiscal year ending in the calendar year
27 before the year 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 gov-
6 ernment and provide the tabulated tentative taxable values to the
7 county equalization director. The tabulation by the assessing
8 officer shall contain additions and losses for each classifica-
9 tion of property that is separately equalized for each unit of
10 local government or part of a unit of local government in the
11 township or city. If as a result of state equalization the tax-
12 able 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 ~~fourth~~ Friday FOLLOWING THE FOURTH
15 MONDAY in May. The county equalization director shall compute
16 these amounts and the current and immediately preceding year's
17 taxable values for each classification of property that is sepa-
18 rately equalized for each unit of local government that levies
19 taxes under this act within the boundary of the county. The
20 county equalization director shall cooperate with equalization
21 directors of neighboring counties, as necessary, to make the com-
22 putation for units of local government located in more than 1
23 county. The county equalization director shall calculate the
24 millage reduction fraction for each unit of local government in
25 the county for the current year. The financial officer for each
26 taxing jurisdiction shall calculate the compounded millage
27 reduction fractions beginning in 1980 resulting from the

1 multiplication of successive millage reduction fractions and
2 shall recognize a local voter action to increase the compounded
3 millage reduction fraction to a maximum of 1 as a new beginning
4 fraction. Upon request of the superintendent of the intermediate
5 school district, the county equalization director shall transmit
6 the complete computations of the taxable values to the superin-
7 tendent of the intermediate school district within that county.
8 At the request of the presidents of community colleges, the
9 county equalization director shall transmit the complete computa-
10 tions of the taxable values to the presidents of community col-
11 leges within the county.

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

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

22 (5) The financial officer of each unit of local government
23 shall make the computation of the tax rate using the data certi-
24 fied by the county treasurer and the state tax commission. At
25 the annual session in October, the county board of commissioners
26 shall not authorize the levy of a tax unless the governing body
27 of the taxing jurisdiction has certified that the requested

1 millage has been reduced, if necessary, in compliance with
2 section 31 of article IX 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 deter-
7 mined by reducing its maximum rate or rates authorized by law or
8 charter by a millage reduction fraction as provided in this sec-
9 tion without voter approval.

10 (7) A millage reduction fraction shall 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 the total state equalized val-
14 uation for the immediately preceding year multiplied by the
15 inflation rate and the denominator of the fraction shall be the
16 total state equalized valuation for the current year minus new
17 construction and improvements. For ad valorem property taxes
18 that become a lien after December 31, 1982 and through
19 December 31, 1994, the numerator of the fraction shall be the
20 product of the difference between the total state equalized valu-
21 ation for the immediately preceding year minus losses multiplied
22 by the inflation rate and the denominator of the fraction shall
23 be the total state equalized valuation for the current year minus
24 additions. For ad valorem property taxes that are levied after
25 December 31, 1994, the numerator of the fraction shall be the
26 product of the difference between the total taxable value for the
27 immediately preceding year minus losses multiplied by the

1 inflation rate and the denominator of the fraction shall be the
2 total taxable value for the current year minus additions. For
3 each year after 1993, a millage reduction fraction shall not
4 exceed 1.

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

14 (9) The millage reduction shall be determined separately for
15 authorized millage approved by the voters. The limitation on
16 millage authorized by the voters on or before May 31 of a year
17 shall be calculated beginning with the millage reduction fraction
18 for that year. Millage authorized by the voters after May 31
19 shall not be subject to a millage reduction until the year fol-
20 lowing the voter authorization which shall be calculated begin-
21 ning with the millage reduction fraction for the year following
22 the authorization. The first millage reduction fraction used in
23 calculating the limitation on millage approved by the voters
24 after January 1, 1979 shall not exceed 1.

25 (10) A millage reduction fraction shall be applied sepa-
26 rately to the aggregate maximum millage rate authorized by a

1 charter and to each maximum millage rate authorized by state law
2 for a specific purpose.

3 (11) A unit of local government may submit to the voters for
4 their approval the levy in that year of a tax rate in excess of
5 the limit set by this section. The ballot question shall ask the
6 voters to approve the levy of a specific number of mills in
7 excess of the limit. The provisions of this section do not allow
8 the levy of a millage rate in excess of the maximum rate autho-
9 rized by law or charter. If the authorization to levy millage
10 expires after 1993 and a local governmental unit is asking voters
11 to renew the authorization to levy the millage, the ballot ques-
12 tion shall ask for renewed authorization for the number of expir-
13 ing mills as reduced by the millage reduction required by this
14 section. If the election occurs before June 1 of a year, the
15 millage reduction is based on the immediately preceding year's
16 millage reduction applicable to that millage. If the election
17 occurs after May 31 of a year, the millage reduction shall be
18 based on that year's millage reduction applicable to that millage
19 had it not expired.

20 (12) A reduction or limitation under this section shall not
21 be applied to taxes imposed for the payment of principal and
22 interest on bonds or other evidence of indebtedness or for the
23 payment of assessments or contract obligations in anticipation of
24 which bonds are issued that were authorized before December 23,
25 1978, as provided by former section 4 of chapter I of the munici-
26 pal finance act, Act No. 202 of the Public Acts of 1943, or to
27 taxes imposed for the payment of principal and interest on bonds

1 or other evidence of indebtedness or for the payment of
2 assessments or contract obligations in anticipation of which
3 bonds are issued that are approved by the voters after December
4 22, 1978.

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

11 (14) If as a result of an appeal OF COUNTY EQUALIZATION OR
12 STATE EQUALIZATION the taxable value of a unit of local govern-
13 ment changes, the millage reduction fraction for the year shall
14 be recalculated. The financial officer shall effectuate an addi-
15 tion or reduction of tax revenue in the same manner as prescribed
16 in subsection (13).

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

22 (16) Beginning with taxes levied in 1994, the millage reduc-
23 tion required by section 31 of article IX of the state constitu-
24 tion of 1963 shall permanently reduce the maximum rate or rates
25 authorized by law or charter. The reduced maximum authorized
26 rate or rates for 1994 shall equal the product of the maximum
27 rate or rates authorized by law or charter before application of

1 this section multiplied by the compound millage reduction
2 applicable to that millage in 1994 pursuant to subsections (8) to
3 (12). The reduced maximum authorized rate or rates for 1995 and
4 each year after 1995 shall equal the product of the immediately
5 preceding year's reduced maximum authorized rate or rates multi-
6 plied by the current year's millage reduction fraction and shall
7 be adjusted for millage for which authorization has expired and
8 new authorized millage approved by the voters pursuant to subsec-
9 tions (8) to (12).