

HOUSE BILL No. 4071

January 28, 2003, Introduced by Reps. Walker and Palsrok and referred to the Committee on Land Use and Environment.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7dd, 7ee, 10, 24, 24c, 27a, 27b, 27c, 34,
34c, and 34d (MCL 211.7dd, 211.7ee, 211.10, 211.24, 211.24c,
211.27a, 211.27b, 211.27c, 211.34, 211.34c, and 211.34d),
sections 7dd, 7ee, 24c, 27b, and 34d as amended and section 27c
as added by 1996 PA 476, sections 10 and 24 as amended by 1994
PA 415, section 27a as amended by 2000 PA 260, section 34 as
amended by 1986 PA 105, and section 34c as amended by 2000
PA 415, and by adding section 27e; and to repeal acts and parts
of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 7dd. As used in sections 7cc and 7ee:

(a) "Homestead" means that portion of a dwelling or unit in a
multiple-unit dwelling that is subject to ad valorem taxes and is

1 owned and occupied as a principal residence by an owner of the
2 dwelling or unit. Homestead also includes all of an owner's
3 unoccupied property classified as residential that is adjoining
4 or contiguous to the dwelling subject to ad valorem taxes and
5 that is owned and occupied as a principal residence by the
6 owner. Contiguity is not broken by a road, a right-of-way, or
7 property purchased or taken under condemnation proceedings by a
8 public utility for power transmission lines if the 2 parcels
9 separated by the purchased or condemned property were a single
10 parcel prior to the sale or condemnation. Homestead also
11 includes any portion of a principal residence of an owner that is
12 rented or leased to another person as a residence as long as that
13 portion of the principal residence that is rented or leased is
14 less than 50% of the total square footage of living space in that
15 principal residence. Homestead also includes a life care
16 facility registered under the living care disclosure act, ~~Act~~
17 ~~No. 440 of the Public Acts of 1976, being sections 554.801 to~~
18 ~~554.844 of the Michigan Compiled Laws~~ **1976 PA 440, MCL 554.801**
19 **to 554.844.** Homestead also includes property owned by a
20 cooperative housing corporation and occupied as a principal
21 residence by tenant stockholders.

22 (b) "Owner" means any of the following:

23 (i) A person who owns property or who is purchasing property
24 under a land contract.

25 (ii) A person who is a partial owner of property.

26 (iii) A person who owns property as a result of being a
27 beneficiary of a will or trust or as a result of intestate

1 succession.

2 (iv) A person who owns or is purchasing a dwelling on leased
3 land.

4 (v) A person holding a life lease in property previously sold
5 or transferred to another.

6 (vi) A grantor who has placed the property in a revocable
7 trust or a qualified personal residence trust.

8 (vii) A cooperative housing corporation.

9 (viii) A facility registered under ~~Act No. 440 of the Public~~
10 ~~Acts of 1976~~ **the living care disclosure act, 1976 PA 440,**
11 **MCL 554.801 to 554.844.**

12 (c) "Person", for purposes of defining owner as used in
13 section 7cc, means an individual and for purposes of defining
14 owner as used in section 7ee means an individual, partnership,
15 corporation, limited liability company, association, or other
16 legal entity.

17 (d) "Principal residence" means the 1 place where a person
18 has his or her true, fixed, and permanent home to which, whenever
19 absent, he or she intends to return and that shall continue as a
20 principal residence until another principal residence is
21 established.

22 (e) "Qualified agricultural property" means unoccupied
23 property and related buildings classified as agricultural **real**
24 **property**, or other unoccupied property and related buildings
25 located on that property devoted primarily to agricultural use as
26 defined in section ~~36101 of part 361 (farmland and open space~~
27 ~~preservation) of the natural resources and environmental~~

1 ~~protection act, Act No. 451 of the Public Acts of 1994, being~~
 2 ~~section 324.36101 of the Michigan Compiled Laws~~ **34c**. Related
 3 buildings include a residence occupied by a person employed in or
 4 actively involved in the agricultural use and who has not claimed
 5 a homestead exemption on other property. Property used for
 6 commercial storage, commercial processing, commercial
 7 distribution, commercial marketing, or commercial shipping
 8 operations or other commercial or industrial purposes is not
 9 qualified agricultural property. A parcel of property is devoted
 10 primarily to agricultural use only if more than 50% of the
 11 parcel's acreage is devoted to agricultural use. An owner shall
 12 not receive an exemption for that portion of the total state
 13 equalized valuation of the property that is used for a commercial
 14 or industrial purpose or that is a residence that is not a
 15 related building.

16 Sec. 7ee. (1) Qualified agricultural property is exempt
 17 from the tax levied by a local school district for school
 18 operating purposes to the extent provided under section 1211 of
 19 the revised school code, ~~Act No. 451 of the Public Acts of 1976,~~
 20 ~~being section 380.1211 of the Michigan Compiled Laws~~ **1976**
 21 **PA 451, MCL 380.1211**, according to the provisions of this
 22 section.

23 (2) Qualified agricultural property that is classified as
 24 agricultural **real property** under section 34c is exempt under
 25 subsection (1) and the owner is not required to file an affidavit
 26 claiming an exemption with the local tax collecting unit unless
 27 requested by the assessor to determine whether the property

1 includes structures that are not exempt under this section. To
2 claim an exemption under subsection (1) for qualified
3 agricultural property that is not classified as agricultural **real**
4 **property** under section 34c, the owner shall file an affidavit
5 claiming the exemption with the local tax collecting unit by May
6 1. However, if an affidavit claiming a homestead exemption on
7 qualified agricultural property not classified as agricultural
8 **real property** was not filed by May 1 in 1994, the owner shall
9 file an affidavit under this section by June 1, 1994.

10 (3) The affidavit shall be on a form prescribed by the
11 department of treasury.

12 (4) For property classified as agricultural **real property**,
13 and upon receipt of an affidavit filed under subsection (2) for
14 property not classified as agricultural **real property**, the
15 assessor shall determine if the property is qualified
16 agricultural property and if so shall exempt the property from
17 the collection of the tax as provided in subsection (1) until
18 December 31 of the year in which the property is no longer
19 qualified agricultural property as defined in section 7dd. An
20 owner is required to file a new claim for exemption on the same
21 property as requested by the assessor under subsection (2).

22 (5) Not more than 90 days after all or a portion of the
23 exempted property is no longer qualified agricultural property,
24 the owner shall rescind the exemption for the applicable portion
25 of the property by filing with the local tax collecting unit a
26 rescission form prescribed by the department of treasury.
27 Beginning October 1, 1994, an owner who fails to file a

1 rescission as required by this subsection is subject to a penalty
2 of \$5.00 per day for each separate failure beginning after the
3 90 days have elapsed, up to a maximum of \$200.00. This penalty
4 shall be collected under ~~Act No. 122 of the Public Acts of 1941,~~
5 ~~being sections 205.1 to 205.31 of the Michigan Compiled Laws~~
6 **1941 PA 122, MCL 205.1 to 205.31**, and shall be deposited in the
7 state school aid fund established in section 11 of article IX of
8 the state constitution of 1963. This penalty may be waived by
9 the department of treasury.

10 (6) An owner of property that is qualified agricultural
11 property on May 1 for which an exemption was not on the tax roll
12 may file an appeal with the July or December board of review in
13 the year the exemption was claimed or the immediately succeeding
14 year. An owner of property that is qualified agricultural
15 property on May 1 for which an exemption was denied by the
16 assessor in the year the affidavit was filed, may file an appeal
17 with the July board of review for summer taxes or, if there is
18 not a summer levy of school operating taxes, with the December
19 board of review.

20 (7) If the assessor of the local tax collecting unit believes
21 that the property for which an exemption has been granted is not
22 qualified agricultural property, effective for taxes levied after
23 1994, the assessor may deny or modify an existing exemption by
24 notifying the owner in writing at the time required for providing
25 a notice under section 24c. A taxpayer may appeal the assessor's
26 determination to the board of review meeting under section 30. A
27 decision of the board of review may be appealed to the

1 residential and small claims division of the Michigan tax
2 tribunal.

3 (8) If an exemption under this section is erroneously
4 granted, an owner may request in writing that the local tax
5 collecting unit withdraw the exemption. If an owner requests
6 that an exemption be withdrawn, the local assessor shall notify
7 the owner that the exemption issued under this section has been
8 denied based on that owner's request. If an exemption is
9 withdrawn, the property that had been subject to that exemption
10 shall be immediately placed on the tax roll by the local tax
11 collecting unit if the local tax collecting unit has possession
12 of the tax roll or by the county treasurer if the county has
13 possession of the tax roll as though the exemption had not been
14 granted. A corrected tax bill shall be issued for the tax year
15 being adjusted by the local tax collecting unit if the local tax
16 collecting unit has possession of the tax roll or by the county
17 treasurer if the county has possession of the tax roll. If an
18 owner requests that an exemption under this section be withdrawn
19 before that owner is contacted in writing by the local assessor
20 regarding that owner's eligibility for the exemption and that
21 owner pays the corrected tax bill issued under this subsection
22 within 30 days after the corrected tax bill is issued, that owner
23 is not liable for any penalty or interest on the additional tax.
24 An owner who pays a corrected tax bill issued under this
25 subsection more than 30 days after the corrected tax bill is
26 issued is liable for the penalties and interest that would have
27 accrued if the exemption had not been granted from the date the

1 taxes were originally levied.

2 (9) An owner of qualified agricultural property for which an
3 exemption was on the tax roll in 1995 and each year after 1995
4 and for which an exemption was not on the tax roll in 1994 may
5 appeal to the July or December board of review in 1997 to have an
6 exemption placed on the 1994 tax roll if all of the following
7 conditions are satisfied:

8 (a) The qualified agricultural property was qualified
9 agricultural property in 1994 and has been qualified agricultural
10 property since 1994.

11 (b) The owner owned that qualified agricultural property on
12 May 1, 1994.

13 (c) If a claim of exemption was denied in 1994, the owner did
14 not timely appeal that denial as provided in this section.

15 (d) The owner has owned that qualified agricultural property
16 since 1994.

17 (10) If the July or December board of review in 1997 grants a
18 claim of exemption for 1994 under subsection (9), the county
19 treasurer with possession of the tax roll being adjusted shall
20 amend the 1994 tax roll to reflect the exemption and shall issue
21 a corrected tax bill exempting that qualified agricultural
22 property from the tax levied in 1994 for school operating
23 purposes to the extent provided under section 1211 of ~~Act~~
24 ~~No. 451 of the Public Acts of 1976~~ **the revised school code, 1976**
25 **PA 451, MCL 380.1211**, pursuant to subsection (1).

26 (11) If the July or December board of review in 1997 denies a
27 claim of exemption for 1994 under subsection (9), an owner may

1 appeal that denial to the residential and small claims division
2 of the Michigan tax tribunal within 35 days of that denial.

3 Sec. 10. (1) An assessment of all the property in the state
4 liable to taxation shall be made annually in all townships,
5 villages, and cities by the ~~applicable~~ **appropriate** assessing
6 officer as provided in section 3 of article IX of the state
7 constitution of 1963 and section 27a.

8 (2) Notwithstanding any provision to the contrary in the act
9 of incorporation or charter of a village, an assessment for
10 village taxes shall be identical to the assessment made by the
11 ~~applicable~~ **appropriate** assessing officer of the township in
12 which the village is located, and tax statements shall set forth
13 clearly the state equalized ~~value~~ **valuation or agricultural use**
14 **value for qualified agricultural property** and the taxable value
15 of the individual properties in the village upon which authorized
16 millages are levied.

17 (3) If a nonresident of the taxing unit requests in writing
18 information regarding the assessment of his or her property, the
19 ~~supervisor or~~ **appropriate** assessing officer shall reply to the
20 request within a reasonable length of time.

21 Sec. 24. (1) On or before the first Monday in March in each
22 year, the ~~supervisor or~~ assessor shall make and complete an
23 assessment roll, upon which he or she shall set down the name and
24 address of every person liable to be taxed in the ~~township or~~
25 ~~assessment district~~ **local tax collecting unit** with a full
26 description of all the real property liable to be taxed. If the
27 name of the owner or occupant of any tract or parcel of real

1 property is known, the assessor shall enter the name and address
2 of the owner or occupant opposite to the description of the
3 property. If unknown, the real property described upon the roll
4 shall be assessed as "owner unknown". All contiguous
5 subdivisions of any section that are owned by 1 person, firm,
6 corporation, or other legal entity and all unimproved lots in any
7 block that are contiguous and owned by 1 person, firm,
8 corporation, or other legal entity shall be assessed as 1 parcel,
9 unless demand in writing is made by the owner or occupant to have
10 each subdivision of the section or each lot assessed separately.
11 However, failure to assess contiguous parcels as entireties does
12 not invalidate the assessment as made. Each description shall
13 show as near as possible the number of acres contained in it, as
14 determined by the assessor. It is not necessary for the
15 assessment roll to specify the quantity of land comprised in any
16 town, city, or village lot. The assessor shall estimate,
17 according to his or her best information and judgment, the **true**
18 **cash value and agricultural use value for qualified agricultural**
19 **property and the** true cash value and assessed value of every
20 parcel of real property **that is not qualified agricultural**
21 **property** and set the **agricultural use value or** assessed value
22 down opposite the parcel. The assessor shall calculate the
23 tentative taxable value of every parcel of real property and set
24 that value down opposite the parcel. The assessor shall
25 determine the percentage of value of every parcel of real
26 property that is exempt from the tax levied by a local school
27 district for school operating purposes to the extent provided

1 under section 1211 of the ~~school code of 1976, Act No. 451 of~~
2 ~~the Public Acts of 1976, being section 380.1211 of the Michigan~~
3 ~~Compiled laws~~ **revised school code, 1976 PA 451, MCL 380.1211,**
4 and set that percentage of value down opposite the parcel. The
5 assessor shall determine the date of the last transfer of
6 ownership of every parcel of real property occurring after
7 December 31, 1994 and set that date down opposite the parcel.
8 The assessor shall also estimate the true cash value of all the
9 personal property of each person, and set the assessed value and
10 tentative taxable value down opposite the name of the person. In
11 determining the property to be assessed and in estimating the
12 value of that property, the assessor is not bound to follow the
13 statements of any person, but shall exercise his or her best
14 judgment. Property assessed to a person other than the owner
15 shall be assessed separately from the owner's property and shall
16 show in what capacity it is assessed to that person, whether as
17 agent, guardian, or otherwise. Two or more persons not being
18 copartners, owning personal property in common, may each be
19 assessed severally for each person's portion. Undivided
20 interests in lands owned by tenants in common, or joint tenants
21 not being copartners, may be assessed to the owners.

22 (2) The state geologist, or his or her duly authorized
23 deputy, shall determine, according to his or her best information
24 and judgment, the true cash value of the metallic mining
25 properties and mineral rights consisting of metallic resources
26 that are either producing, developed, or have a known commercial
27 mineral value, including surface rights and personal property

1 that may be used in the operation or development of the property
2 assessed, or any stockpile of ore or mineral stored on the
3 surface. For the purpose of encouraging the exploration and
4 development of metallic mineral resources, metallic mineral ore
5 newly discovered or proven in the ground and not part of the
6 property of an operating mine shall be exempt from the taxes
7 collected under this act for a maximum period of 10 years or
8 until the time it becomes part of the property of an operating
9 mine or it in itself becomes an operating mine. Metallic mineral
10 ore newly discovered or proven in the ground and part of the
11 property of an operating mine shall be exempt from taxes
12 collected under this act until it, in combination with previously
13 discovered metallic mineral ore of the operating mine, comes into
14 a 10-year recovery period of the mine as determined by the
15 average normal annual rate of extraction of the mine.

16 (3) An operating mine shall be defined to be an operating
17 mine as of the date of starting of a shaft, stripping of
18 overburden, or rehabilitation, or an abandoned or idle mine
19 closed for not less than 2 years. Ore shall not enjoy more than
20 10 years' exemption from taxation. This section does not exempt
21 from the taxes collected under this act ore reserves proven as of
22 April 1, 1947. It is the intent of this act that mineral
23 properties shall be valued and assessed in the future for ad
24 valorem taxes according to the formula used in the valuation of
25 mineral properties before the effective date of this act. It is
26 the intent of this act that no metallic mineral ore shall be
27 exempt more than 10 years because of the application of this act

1 and if at any time it becomes evident that such is the case, the
2 state tax commission shall determine the value of this untaxed
3 ore and place this valuation on the proper tax roll. The state
4 geologist shall report his or her determination of the true cash
5 value of the mineral properties to the state tax commission on or
6 before February 10 of each year. The state tax commission shall
7 assess the mineral properties containing 20% or more of natural
8 iron per ton of ore in conformity and uniformity with all other
9 property within the assessing district. The state tax commission
10 shall assess all other metallic mineral properties at the value
11 certified by the state geologist. The state tax commission, as
12 early as is practicable before February 20, shall certify the
13 assessment of the property to the ~~supervisor or assessing~~
14 ~~officer~~ **assessor** of the township or city in which the property
15 is situated, who shall for the mineral properties and mineral
16 rights that are owned separate from the surface rights on the
17 property assess each to the owner at the valuation certified to
18 him or her. However, an adjustment to the value certified by the
19 state tax commission may be made by the ~~supervisor or assessing~~
20 ~~officer~~ **assessor** of the township or city to reflect any general
21 adjustment of assessed valuation from the immediately preceding
22 year not included in the state tax commission computation. The
23 ~~supervisor or assessing officer~~ **assessor** shall determine the
24 true cash value of the surface rights and assess the value of the
25 surface rights to the owner. The assessment upon the metallic
26 mining properties and mineral rights may be altered from year to
27 year regardless of whether any previous assessment has been

1 reviewed by the state tax commission. The ~~supervisor or other~~
2 ~~local assessing officer~~ **assessor** or the owner of any interest in
3 the property assessed may appeal the assessment and valuation of
4 the property as determined by the board of review to the state
5 tax commission which shall review the assessment and valuation as
6 provided in section 152.

7 Sec. 24c. (1) The assessor shall give to each owner or
8 person or persons listed on the assessment roll of the property a
9 notice by first-class mail of an increase in the tentative state
10 equalized valuation, **the tentative agricultural use value**, or the
11 tentative taxable value for the year. The notice shall specify
12 each parcel of property, the tentative taxable value for the
13 current year and, beginning in 1996, the taxable value for the
14 immediately preceding year. The notice shall also specify the
15 time and place of the meeting of the board of review. Beginning
16 in 1996, the notice shall also specify the difference between the
17 property's tentative taxable value in the current year and the
18 property's taxable value in the immediately preceding year.

19 (2) The notice shall include, in addition to the information
20 required by subsection (1), all of the following:

21 (a) The state equalized valuation for the immediately
22 preceding year.

23 (b) The tentative state equalized valuation for the current
24 year.

25 (c) The net change between the tentative state equalized
26 valuation for the current year and the state equalized valuation
27 for the immediately preceding year.

1 (d) For qualified agricultural property, all of the
2 following:

3 (i) Beginning in 2004, the agricultural use value for the
4 immediately preceding year.

5 (ii) The tentative agricultural use value for the current
6 year.

7 (iii) Beginning in 2005, the net change between the tentative
8 agricultural use value for the current year and the agricultural
9 use value for the immediately preceding year.

10 (e) ~~-(d)-~~ The classification of the property as ~~defined~~
11 described by section 34c and whether that property is qualified
12 agricultural property exempt from the tax levied by a local
13 school district for school operating purposes under section 7ee.

14 (f) ~~-(e)-~~ The inflation rate for the immediately preceding
15 year as defined in section 34d.

16 (g) ~~-(f)-~~ A statement provided by the state tax commission
17 explaining the relationship between state equalized valuation and
18 taxable value or, for qualified agricultural property, the
19 relationship between the agricultural use value and taxable
20 value. Beginning in 1996, if the assessor believes that a
21 transfer of ownership has occurred in the immediately preceding
22 year, the statement shall state that the ownership was
23 transferred and that the taxable value of that property is the
24 same as the state equalized valuation of that property or, for
25 qualified agricultural property, the same as the property's
26 taxable value in the immediately preceding year adjusted as
27 provided in section 27e(2).

1 (3) When required by the income tax act of 1967, ~~Act No. 281~~
2 ~~of the Public Acts of 1967, being sections 206.1 to 206.532 of~~
3 ~~the Michigan Compiled Laws 1967 PA 281, MCL 206.1 to 206.532,~~
4 the assessment notice shall include or be accompanied by
5 information or forms prescribed by ~~Act No. 281 of the Public~~
6 ~~Acts of 1967~~ **the income tax act of 1967, 1967 PA 281, MCL 206.1**
7 **to 206.532.**

8 (4) The assessment notice shall be addressed to the owner
9 according to the records of the assessor and mailed not less than
10 10 days before the meeting of the board of review. The failure
11 to send or receive an assessment notice does not invalidate an
12 assessment roll or an assessment on that property.

13 (5) The tentative state equalized valuation shall be
14 calculated by multiplying the assessment by the tentative
15 equalized valuation multiplier. If the assessor has made
16 assessment adjustments that would have changed the tentative
17 multiplier, the assessor may recalculate the multiplier for use
18 in the notice.

19 (6) The state tax commission shall prepare a model assessment
20 notice form that shall be made available to local units of
21 government.

22 (7) Beginning in 1995, the assessment notice under
23 subsection (1) shall include the following statement:

24 "If you purchased your homestead after May 1 last
25 year, to claim the homestead exemption, if you have
26 not already done so, you are required to file an
27 affidavit before May 1."

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

5 (2) Except as otherwise provided in subsection (3), for taxes
6 levied in 1995 and for each year after 1995, the taxable value of
7 each parcel of property is the lesser of the following:

8 (a) The property's taxable value in the immediately preceding
9 year minus any losses, multiplied by the lesser of 1.05 or the
10 inflation rate, plus all additions. For taxes levied in 1995,
11 the property's taxable value in the immediately preceding year is
12 the property's state equalized valuation in 1994.

13 (b) The property's current state equalized valuation.

14 (3) ~~Upon~~ **Except as otherwise provided in section 27e(3)**,
15 **upon** a transfer of ownership of property after 1994, the
16 property's taxable value for the calendar year following the year
17 of the transfer is the property's state equalized valuation for
18 the calendar year following the transfer.

19 (4) If the taxable value of property is adjusted under
20 subsection (3), a subsequent increase in the property's taxable
21 value is subject to the limitation set forth in subsection (2)
22 until a subsequent transfer of ownership occurs.

23 (5) Assessment of property, as required in this section and
24 section 27, is inapplicable to the assessment of property subject
25 to the levy of ad valorem taxes within voted tax limitation
26 increases to pay principal and interest on limited tax bonds
27 issued by any governmental unit, including a county, township,

1 community college district, or school district, before January 1,
2 1964, if the assessment required to be made under this act would
3 be less than the assessment as state equalized prevailing on the
4 property at the time of the issuance of the bonds. This
5 inapplicability shall continue until levy of taxes to pay
6 principal and interest on the bonds is no longer required. The
7 assessment of property required by this act shall be applicable
8 for all other purposes.

9 (6) As used in this act, "transfer of ownership" means the
10 conveyance of title to or a present interest in property,
11 including the beneficial use of the property, the value of which
12 is substantially equal to the value of the fee interest.
13 Transfer of ownership of property includes, but is not limited
14 to, the following:

15 (a) A conveyance by deed.

16 (b) A conveyance by land contract. The taxable value of
17 property conveyed by a land contract executed after December 31,
18 1994 shall be adjusted under subsection (3) for the calendar year
19 following the year in which the contract is entered into and
20 shall not be subsequently adjusted under subsection (3) when the
21 deed conveying title to the property is recorded in the office of
22 the register of deeds in the county in which the property is
23 located.

24 (c) A conveyance to a trust after December 31, 1994, except
25 if the settlor or the settlor's spouse, or both, conveys the
26 property to the trust and the sole present beneficiary or
27 beneficiaries are the settlor or the settlor's spouse, or both.

1 (d) A conveyance by distribution from a trust, except if the
2 distributee is the sole present beneficiary or the spouse of the
3 sole present beneficiary, or both.

4 (e) A change in the sole present beneficiary or beneficiaries
5 of a trust, except a change that adds or substitutes the spouse
6 of the sole present beneficiary.

7 (f) A conveyance by distribution under a will or by intestate
8 succession, except if the distributee is the decedent's spouse.

9 (g) A conveyance by lease if the total duration of the lease,
10 including the initial term and all options for renewal, is more
11 than 35 years or the lease grants the lessee a bargain purchase
12 option. As used in this subdivision, "bargain purchase option"
13 means the right to purchase the property at the termination of
14 the lease for not more than 80% of the property's projected true
15 cash value at the termination of the lease. After December 31,
16 1994, the taxable value of property conveyed by a lease with a
17 total duration of more than 35 years or with a bargain purchase
18 option shall be adjusted under subsection (3) for the calendar
19 year following the year in which the lease is entered into. This
20 subdivision does not apply to personal property. ~~except~~
21 ~~buildings described in section 14(6) and personal property~~
22 ~~described in section 8(h), (i), and (j).~~ This subdivision does
23 not apply to that portion of the property not subject to the
24 leasehold interest conveyed.

25 (h) A conveyance of an ownership interest in a corporation,
26 partnership, sole proprietorship, limited liability company,
27 limited liability partnership, or other legal entity if the

1 ownership interest conveyed is more than 50% of the corporation,
2 partnership, sole proprietorship, limited liability company,
3 limited liability partnership, or other legal entity. Unless
4 notification is provided under subsection (10), the corporation,
5 partnership, sole proprietorship, limited liability company,
6 limited liability partnership, or other legal entity shall notify
7 the ~~assessing officer~~ **assessor** on a form provided by the state
8 tax commission not more than 45 days after a conveyance of an
9 ownership interest that constitutes a transfer of ownership under
10 this subdivision.

11 (i) A transfer of property held as a tenancy in common,
12 except that portion of the property not subject to the ownership
13 interest conveyed.

14 (j) A conveyance of an ownership interest in a cooperative
15 housing corporation, except that portion of the property not
16 subject to the ownership interest conveyed.

17 (7) Transfer of ownership does not include the following:

18 (a) The transfer of property from 1 spouse to the other
19 spouse or from a decedent to a surviving spouse.

20 (b) A transfer from a husband, a wife, or a husband and wife
21 creating or disjoining a tenancy by the entirety in the
22 grantors or the grantor and his or her spouse.

23 (c) A transfer of that portion of property subject to a life
24 estate or life lease retained by the transferor, until expiration
25 or termination of the life estate or life lease. That portion of
26 property transferred that is not subject to a life lease shall be
27 adjusted under subsection (3).

1 (d) A transfer through foreclosure or forfeiture of a
2 recorded instrument under chapter 31, 32, or 57 of the revised
3 judicature act of 1961, 1961 PA 236, MCL 600.3101 to 600.3280 and
4 MCL 600.5701 to 600.5785, or through deed or conveyance in lieu
5 of a foreclosure or forfeiture, until the mortgagee or land
6 contract vendor subsequently transfers the property. If a
7 mortgagee does not transfer the property within 1 year of the
8 expiration of any applicable redemption period, the property
9 shall be adjusted under subsection (3).

10 (e) A transfer by redemption by the person to whom taxes are
11 assessed of property previously sold for delinquent taxes.

12 (f) A conveyance to a trust if the settlor or the settlor's
13 spouse, or both, conveys the property to the trust and the sole
14 present beneficiary of the trust is the settlor or the settlor's
15 spouse, or both.

16 (g) A transfer pursuant to a judgment or order of a court of
17 record making or ordering a transfer, unless a specific monetary
18 consideration is specified or ordered by the court for the
19 transfer.

20 (h) A transfer creating or terminating a joint tenancy
21 between 2 or more persons if at least 1 of the persons was an
22 original owner of the property before the joint tenancy was
23 initially created and, if the property is held as a joint tenancy
24 at the time of conveyance, at least 1 of the persons was a joint
25 tenant when the joint tenancy was initially created and that
26 person has remained a joint tenant since the joint tenancy was
27 initially created. A joint owner at the time of the last

1 transfer of ownership of the property is an original owner of the
2 property. For purposes of this subdivision, a person is an
3 original owner of property owned by that person's spouse.

4 (i) A transfer for security or an assignment or discharge of
5 a security interest.

6 (j) A transfer of real property or other ownership interests
7 among members of an affiliated group. As used in this
8 subsection, "affiliated group" means 1 or more corporations
9 connected by stock ownership to a common parent corporation.
10 Upon request by the state tax commission, a corporation shall
11 furnish proof within 45 days that a transfer meets the
12 requirements of this subdivision. A corporation that fails to
13 comply with a request by the state tax commission under this
14 subdivision is subject to a fine of \$200.00.

15 (k) Normal public trading of shares of stock or other
16 ownership interests that, over any period of time, cumulatively
17 represent more than 50% of the total ownership interest in a
18 corporation or other legal entity and are traded in multiple
19 transactions involving unrelated individuals, institutions, or
20 other legal entities.

21 (l) A transfer of real property or other ownership interests
22 among corporations, partnerships, limited liability companies,
23 limited liability partnerships, or other legal entities if the
24 entities involved are commonly controlled. Upon request by the
25 state tax commission, a corporation, partnership, limited
26 liability company, limited liability partnership, or other legal
27 entity shall furnish proof within 45 days that a transfer meets

1 the requirements of this subdivision. A corporation,
2 partnership, limited liability company, limited liability
3 partnership, or other legal entity that fails to comply with a
4 request by the state tax commission under this subdivision is
5 subject to a fine of \$200.00.

6 (m) A direct or indirect transfer of real property or other
7 ownership interests resulting from a transaction that qualifies
8 as a tax-free reorganization under section 368 of the internal
9 revenue code of 1986. Upon request by the state tax commission,
10 a property owner shall furnish proof within 45 days that a
11 transfer meets the requirements of this subdivision. A property
12 owner who fails to comply with a request by the state tax
13 commission under this subdivision is subject to a fine of
14 \$200.00.

15 (n) A transfer of qualified agricultural property, if the
16 person to whom the qualified agricultural property is transferred
17 files an affidavit with the assessor of the local tax collecting
18 unit in which the qualified agricultural property is located and
19 with the register of deeds for the county in which the qualified
20 agricultural property is located attesting that the qualified
21 agricultural property shall remain qualified agricultural
22 property. The affidavit under this subdivision shall be in a
23 form prescribed by the department of treasury. An owner of
24 qualified agricultural property shall inform a prospective buyer
25 of that qualified agricultural property that the qualified
26 agricultural property is subject to the recapture tax provided in
27 the agricultural property recapture act, **2000 PA 261**,

1 **MCL 211.1001 to 211.1007**, if the qualified agricultural property
2 is converted by a change in use. If property ceases to be
3 qualified agricultural property at any time after being
4 transferred, all of the following shall occur:

5 (i) The taxable value of that property shall be adjusted
6 under subsection (3) as of the December 31 in the year that the
7 property ceases to be qualified agricultural property.

8 (ii) The property is subject to the recapture tax provided
9 for under the agricultural property recapture act, **2000 PA 261**,
10 **MCL 211.1001 to 211.1007**.

11 (8) If all of the following conditions are satisfied, the
12 local tax collecting unit shall revise the taxable value of
13 qualified agricultural property taxable on the tax roll in the
14 possession of that local tax collecting unit to the taxable value
15 that qualified agricultural property would have had if there had
16 been no transfer of ownership of that qualified agricultural
17 property since December 31, 1999 and there had been no adjustment
18 of that qualified agricultural property's taxable value under
19 subsection (3) since December 31, 1999:

20 (a) The qualified agricultural property was qualified
21 agricultural property for taxes levied in 1999 and each year
22 after 1999.

23 (b) The owner of the qualified agricultural property files an
24 affidavit with the assessor of the local tax collecting unit
25 under subsection (7)(n).

26 (9) If the taxable value of qualified agricultural property
27 is adjusted under subsection (8), the owner of that qualified

1 agricultural property shall not be entitled to a refund for any
2 property taxes collected under this act on that qualified
3 agricultural property before the adjustment under
4 subsection (8).

5 (10) The register of deeds of the county where deeds or other
6 title documents are recorded shall notify the ~~assessing officer~~
7 **assessor** of the appropriate local taxing unit not less than once
8 each month of any recorded transaction involving the ownership of
9 property and shall make any recorded deeds or other title
10 documents available to that county's tax or equalization
11 department. Unless notification is provided under
12 subsection (6), the buyer, grantee, or other transferee of the
13 property shall notify the appropriate assessing office in the
14 local unit of government in which the property is located of the
15 transfer of ownership of the property within 45 days of the
16 transfer of ownership, on a form prescribed by the state tax
17 commission that states the parties to the transfer, the date of
18 the transfer, the actual consideration for the transfer, and the
19 property's parcel identification number or legal description.
20 Forms filed in the assessing office of a local unit of government
21 under this subsection shall be made available to the county tax
22 or equalization department for the county in which that local
23 unit of government is located. This subsection does not apply to
24 personal property. ~~except buildings described in section 14(6)~~
25 ~~and personal property described in section 8(h), (i), and (j).~~

26 (11) As used in this section:

27 (a) "Additions" means that term as defined in section 34d.

1 (b) "Beneficial use" means the right to possession, use, and
2 enjoyment of property, limited only by encumbrances, easements,
3 and restrictions of record.

4 (c) "Converted by a change in use" means that term as defined
5 in the agricultural property recapture act, **2000 PA 261,**
6 **MCL 211.1001 to 211.1007.**

7 (d) "Inflation rate" means that term as defined in
8 section 34d.

9 (e) "Losses" means that term as defined in section 34d.

10 (f) "Qualified agricultural property" means that term as
11 defined in section 7dd.

12 Sec. 27b. (1) If the buyer, grantee, or other transferee in
13 the immediately preceding transfer of ownership of property does
14 not notify the ~~appropriate assessing office~~ **assessor** as
15 required ~~by~~ **under** section ~~27a(8)~~ **27a(10)** or, for qualified
16 **agricultural property, under section 27e,** the property's taxable
17 value shall be adjusted under section 27a(3) or, for qualified
18 **agricultural property, under section 27e(3)** and all of the
19 following shall be levied:

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

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

25 (c) A penalty of \$5.00 per day for each separate failure
26 beginning after the 45 days have elapsed, up to a maximum of
27 \$200.00.

1 (2) The ~~appropriate assessing officer~~ **assessor** shall
2 certify for collection to the treasurer of the local tax
3 collecting unit if the local tax collecting unit has possession
4 of the tax roll or the county treasurer if the county has
5 possession of the tax roll any additional taxes due under
6 subsection (1)(a) and any penalty due under subsection (1)(c).

7 (3) The treasurer of the local tax collecting unit if the
8 local tax collecting unit has possession of the tax roll or the
9 county treasurer if the county has possession of the tax roll
10 shall collect any taxes, interest, and penalty due pursuant to
11 this section, and shall immediately prepare and submit a
12 corrected tax bill for any additional taxes due under
13 subsection (1)(a) and any interest and penalty due under
14 subsection (1)(b). A penalty due under subsection (1)(c) may be
15 collected with the immediately succeeding regular tax bill.

16 (4) Any taxes, interest, and penalty collected pursuant to
17 subsection (1)(a) and (b) shall be distributed in the same manner
18 as other delinquent taxes, interest, and penalties are
19 distributed under this act. Any penalty collected under
20 subsection (1)(c) shall be distributed to the local tax
21 collecting unit.

22 (5) The governing body of a local tax collecting unit may
23 waive, by resolution, the penalty levied under
24 subsection (1)(c).

25 (6) If the taxable value of property is increased under this
26 section, the ~~appropriate assessing officer~~ **assessor** shall
27 immediately notify by first-class mail the owner of that property

1 of that increase in taxable value. A buyer, grantee, or other
 2 transferee may appeal any increase in taxable value or the levy
 3 of any additional taxes, interest, and penalties under
 4 subsection (1) to the Michigan tax tribunal within 35 days of
 5 receiving the notice of the increase in the property's taxable
 6 value. An appeal under this subsection is limited to the issues
 7 of whether a transfer of ownership has occurred and correcting
 8 arithmetic errors. A dispute regarding the valuation of the
 9 property is not a basis for appeal under this subsection.

10 (7) If the taxable value of property is adjusted under
 11 subsection (1), the ~~assessing officer~~ **assessor** making the
 12 adjustment shall file an affidavit with all officials responsible
 13 for determining assessment figures, rate of taxation, or
 14 mathematical calculations for that property within 30 days of the
 15 date the adjustment is made. The affidavit shall state the
 16 amount of the adjustment and the amount of additional taxes
 17 levied. The officials with whom the affidavit is filed shall
 18 correct all official records for which they are responsible to
 19 reflect the adjustment and levy.

20 Sec. 27c. If the buyer, grantee, or other transferee in any
 21 preceding transfer of ownership of property does not notify the
 22 ~~appropriate assessing office~~ **assessor** as required by section
 23 ~~27a(8)~~ **27a(10)** or, for qualified agricultural property, under
 24 **section 27e(5)**, a taxing unit may sue that buyer, grantee, or
 25 other transferee as provided in section 47 for all of the
 26 following:

27 (a) Any additional taxes that would have been levied if the

1 transfer of ownership had been recorded as required under this
2 act from the date of transfer.

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

5 (c) A penalty of \$5.00 per day for each separate failure
6 beginning after the 45 days have elapsed, up to a maximum of
7 \$200.00.

8 Sec. 27e. (1) Except as otherwise provided in this section,
9 beginning December 31, 2003, property that is qualified
10 agricultural property shall be assessed at 50% of its
11 agricultural use value under section 3 of article IX of the state
12 constitution of 1963.

13 (2) Except as otherwise provided in subsection (3), for taxes
14 levied in 2004 and for each year after 2004, the taxable value of
15 each parcel of qualified agricultural property is the lesser of
16 the following:

17 (a) The qualified agricultural property's taxable value in
18 the immediately preceding year minus any losses, multiplied by
19 the lesser of 1.05 or the inflation rate, plus all additions.

20 (b) The qualified agricultural property's current
21 agricultural use value.

22 (c) The taxable value the property would have had if the
23 property's taxable value had been determined under section 27a.

24 (3) Upon a transfer of ownership of qualified agricultural
25 property and if the property remains qualified agricultural
26 property, the qualified agricultural property's taxable value for
27 the calendar year following the year of the transfer is the

1 property's taxable value for the calendar year immediately
2 preceding the transfer adjusted as follows:

3 (a) For taxes levied after December 31, 2002 and before
4 January 1, 2004, as provided in section 27a(2).

5 (b) For taxes levied after December 31, 2003, as provided in
6 subsection (2).

7 (4) Upon a transfer of ownership of qualified agricultural
8 property and if the property does not remain qualified
9 agricultural property, the taxable value of the property shall be
10 adjusted under section 27a(3).

11 (5) The register of deeds of the county where deeds or other
12 title documents are recorded shall notify the assessor not less
13 than once each month of any recorded transaction involving the
14 ownership of qualified agricultural property and shall make any
15 recorded deeds or other title documents available to the
16 assessor. The buyer, grantee, or other transferee of the
17 qualified agricultural property shall notify the assessor of the
18 local tax collecting unit in which the qualified agricultural
19 property is located of the transfer of ownership of the qualified
20 agricultural property within 45 days of the transfer of
21 ownership, on a form prescribed by the state tax commission that
22 states the parties to the transfer, the date of the transfer, the
23 actual consideration for the transfer, and the qualified
24 agricultural property's parcel identification number or legal
25 description. Forms filed in the assessing office of a local tax
26 collecting unit under this subsection shall be made available to
27 the county tax or equalization department for that county. This

1 subsection does not apply to personal property.

2 (6) The owner of qualified agricultural property shall
3 rescind the exemption pursuant to section 7ee(5) if property
4 exempt as qualified agricultural property is no longer qualified
5 agricultural property. If an exemption for property exempt as
6 qualified agricultural property is rescinded and that property
7 had been assessed based on its agricultural use value under this
8 section, the property's taxable value shall be adjusted as of
9 December 31 in the year in which the qualified agricultural
10 property's exemption is rescinded as follows:

11 (a) If there was not a transfer of ownership of the property
12 after the effective date of the amendatory act that added this
13 section, the property's taxable value shall be adjusted to the
14 taxable value the property would have had as determined under
15 section 27a(2) if the property had not been subject to assessment
16 under this section.

17 (b) If there was a transfer of ownership of the property
18 after the effective date of the amendatory act that added this
19 section, the property's taxable value shall be adjusted as
20 provided in section 27a(3).

21 (7) As used in this section:

22 (a) "Additions" means that term as defined in section 34d.

23 (b) "Agricultural use" means that term as defined in section
24 34c(2)(a).

25 (c) "Agricultural use value" means the value of property in
26 agricultural use and not the property's highest and best use.

27 (d) "Beneficial use" means the right to possession, use, and

1 enjoyment of property, limited only by encumbrances, easements,
2 and restrictions of record.

3 (e) "Inflation rate" means that term as defined in
4 section 34d.

5 (f) "Losses" means that term as defined in section 34d.

6 (g) "Qualified agricultural property" means property exempt
7 from the tax levied by a local school district for school
8 operating purposes under section 7ee.

9 (h) "Transfer of ownership" means that term as defined in
10 section 27a.

11 Sec. 34. (1) The county board of commissioners in each
12 county shall meet in April each year to determine the county
13 equalized value, which ~~equalization~~ shall be completed and
14 submitted along with the tabular statement required by section 5
15 of ~~Act No. 44 of the Public Acts of 1911, being section 209.5 of~~
16 ~~the Michigan Compiled Laws 1911 PA 44, MCL 209.5,~~ to the state
17 tax commission before the first Monday in May. The business
18 ~~which~~ that the county board of commissioners may perform shall
19 be conducted at a public meeting of the county board of
20 commissioners held in compliance with the open meetings act, ~~Act~~
21 ~~No. 267 of the Public Acts of 1976, as amended, being sections~~
22 ~~15.261 to 15.275 of the Michigan Compiled Laws 1976 PA 267,~~
23 MCL 15.261 to 15.275. Public notice of the time, date, and place
24 of the meeting shall be given in the manner required by ~~Act~~
25 ~~No. 267 of the Public Acts of 1976, as amended~~ the open meetings
26 act, 1976 PA 267, MCL 15.261 to 15.275. Each year the county
27 board of commissioners shall advise the local taxing units ~~when~~

1 if the state tax commission increases the equalized value of the
 2 county as established by the ~~board of~~ county **board of**
 3 commissioners and each taxing unit other than a city, township,
 4 school district, intermediate school district, or community
 5 college district, shall immediately reduce its maximum authorized
 6 millage rate, as determined after any reduction ~~caused by~~
 7 **pursuant to** section 34d, so that ~~subsequent to~~ **after** the
 8 increase ordered by the state tax commission pursuant to ~~Act~~
 9 ~~No. 44 of the Public Acts of 1911, as amended, being sections~~
 10 ~~209.1 to 209.8 of the Michigan Compiled Laws 1911 PA 44,~~
 11 **MCL 209.1 to 209.8**, total property taxes levied for that unit
 12 shall not exceed that which would have been levied for that unit
 13 at its maximum authorized millage rate, as determined after any
 14 reduction ~~caused by~~ **pursuant to** section 34d, if there had not
 15 been an increase in valuation by the state **tax commission**. If
 16 its state equalized valuation exceeds its assessed valuation by
 17 5.0% or more in 1982 or by any amount in 1983 or any year
 18 ~~thereafter~~ **after 1983**, a city or township shall reduce its
 19 maximum authorized millage rate, as determined after any
 20 reduction ~~caused by~~ **pursuant to** section 34d, so that total
 21 property taxes levied for that unit do not exceed that which
 22 would have been levied based on its assessed valuation.

23 (2) The county board of commissioners shall examine the
 24 assessment rolls of the townships or cities and ascertain whether
 25 the real and personal property in the respective townships or
 26 cities has been equally and uniformly assessed ~~at true cash~~
 27 ~~value~~ **as required under this act**. If, on the examination, the

1 county board of commissioners considers the assessments to be
2 relatively unequal, it shall equalize the assessments by adding
3 to or deducting from the valuation of the taxable property ~~in a~~
4 ~~township or city~~ an amount ~~which~~ **that** in the judgment of the
5 county board of commissioners will produce a sum ~~which~~ **that**
6 represents the true cash value of that property **and, for**
7 **qualified agricultural property, the agricultural use value**, and
8 the amount added to or deducted from the valuations ~~in a~~
9 ~~township or city~~ shall be entered upon the records. The county
10 board of commissioners and the state tax commission shall
11 equalize real and personal property separately by adding to or
12 deducting from the valuation of taxable real property, and by
13 adding to or deducting from the valuation of taxable personal
14 property in a township, city, or county, an amount ~~which~~ **that**
15 will produce a sum ~~which~~ **that** represents the proportion of true
16 cash value established by the legislature **and, for qualified**
17 **agricultural property, the agricultural use value**. Beginning
18 December 31, 1980, the county board of commissioners and the
19 state tax commission shall equalize separately the following
20 classes of real property by adding to or deducting from the
21 valuation of agricultural, ~~developmental,~~ residential,
22 commercial, industrial, and timber cutover taxable real property,
23 and by adding to or deducting from the valuation of taxable
24 personal property in a township, city, or county, an amount ~~as~~
25 **that** will produce a sum ~~which~~ **that** represents the proportion of
26 true cash value established by the legislature **and, for qualified**
27 **agricultural property, the agricultural use value**. The tax roll

1 and the tax statement shall clearly set forth the latest state
2 equalized valuation for each item or property, which shall be
3 determined by using a separate factor for personal property and a
4 separate factor for real property as equalized. Beginning
5 December 31, 1980, the tax roll and the tax statement shall
6 clearly set forth the latest state equalized valuation for each
7 item or property, which shall be determined by using a separate
8 factor for personal property and a separate factor for each
9 classification for real property as equalized. Factors used in
10 determining the state equalized valuation for real and personal
11 property on the tax roll shall be rounded up to not less than 4
12 decimal places. Equalized values for both real and personal
13 property shall be equalized uniformly at the same proportion of
14 true cash value in the county. The county board of commissioners
15 shall also cause to be entered upon its records the aggregate
16 valuation of the taxable real and personal property of each
17 township or city in its county as determined by the county board
18 **of commissioners**. The county board of commissioners shall also
19 make alterations in the description of any ~~land~~ **property** on the
20 rolls ~~as is~~ necessary to render the descriptions conformable to
21 the requirements of this act. After the rolls are equalized,
22 each shall be certified ~~to~~ by the chairperson and the clerk of
23 the **county board of commissioners** and be delivered to the
24 supervisor of the proper township or city, who shall file and
25 keep the roll in his or her office.

26 (3) The county board of commissioners of a county shall
27 establish and maintain a department to survey assessments and

1 assist the board of commissioners in the matter of equalization
2 of assessments, and may employ in that department **necessary**
3 technical and clerical personnel. ~~which in its judgment are~~
4 ~~considered necessary.~~ The personnel of the department shall be
5 under the direct supervision and control of a director of the tax
6 or equalization department who may designate an employee of the
7 department as his or her deputy. The director of the county tax
8 or equalization department shall be appointed by the county board
9 of commissioners. The county board of commissioners, through the
10 department, may furnish assistance to local assessing officers in
11 the performance of duties imposed upon those officers ~~by~~ **under**
12 this act, including the development and maintenance of accurate
13 property descriptions, the discovery, listing, and valuation of
14 properties for tax purposes, and the development and use of
15 uniform valuation standards and techniques for the assessment of
16 property.

17 (4) The supervisor of a township or, with the approval of the
18 governing body, the certified assessor of a township or city, or
19 the intermediate district board of education, or the board of
20 education of an incorporated city or village aggrieved by the
21 action of the county board of commissioners ~~—~~ in equalizing the
22 valuations of the townships or cities of the county ~~—~~ may
23 appeal from the determination to the ~~state~~ tax tribunal in the
24 manner provided by law. An appeal from the determination by the
25 county board of commissioners shall be filed with the clerk of
26 the tribunal by a written or printed petition ~~which~~ **that** shall
27 set forth in detail the reasons for taking the appeal. The

1 petition shall be signed and sworn to by the supervisor, the
2 certified assessor, or a majority of the members of the board of
3 education taking the appeal, shall show that a certain township,
4 city, or school district has been discriminated against in the
5 equalization, and shall ~~pray~~ **request** that the ~~state~~ tax
6 tribunal proceed at its earliest convenience to review the action
7 from which the appeal is taken. The ~~state~~ tax tribunal shall
8 ~~, upon hearing,~~ determine if ~~in its judgment there is a~~
9 ~~showing that~~ the equalization complained of is unfair, unjust,
10 inequitable, or discriminatory. The ~~state~~ tax tribunal ~~shall~~
11 ~~have~~ **has** the same authority to consider and pass upon the action
12 and determination of the county board of commissioners in
13 equalizing valuations as it has to consider complaints relative
14 to the assessment and taxation of property. The ~~state~~ tax
15 tribunal may order the county board of commissioners to reconvene
16 and to cause the assessment rolls of the county to be brought
17 before it, may summon the commissioners of the county to give
18 evidence in relation to the equalization, and may take further
19 action and may make further investigation ~~in the premises~~ as it
20 considers necessary. The ~~state~~ tax tribunal shall fix a
21 valuation on all property of the county. If the ~~state~~ tax
22 tribunal decides that the determination and equalization made by
23 the county board of commissioners is correct, further action
24 shall not be taken. If the ~~state~~ tax tribunal, after the
25 hearing, decides that the valuations of the county were
26 improperly equalized, it shall proceed to make deductions from,
27 or additions to, the valuations of the respective townships,

1 cities, or school districts as ~~may be considered proper~~
2 **necessary**, ~~and in so doing the tribunal shall have~~ **with** the
3 same powers ~~as~~ **that** the county board of commissioners had in
4 the first instance. The deductions or additions shall decrease
5 or increase the state equalized valuation of the local unit
6 affected but shall not increase or decrease the total state
7 equalized valuation of the county in the case of an appeal under
8 this section to the ~~state~~ tax tribunal. If the tax tribunal
9 finds that the valuations of a class of property in a county were
10 improperly equalized by that county and determines that the total
11 value of that class of property in the county may not be at the
12 level required by law, prior to entry of a final order ~~—~~ the
13 tax tribunal shall forward its findings and determination to the
14 state tax commission. Within 90 days after receiving the
15 findings and determination of the tax tribunal, the state tax
16 commission shall determine whether the state equalized valuation
17 of that class of property in the county was set at the level
18 prescribed by law or should be revised to provide uniformity
19 among the counties and shall enter an order consistent with the
20 state tax commission's findings. The tax tribunal shall enter a
21 final order based upon the revised state equalized valuation, if
22 any, ~~which~~ **that** is adopted by the state tax commission. The
23 ~~state~~ tax tribunal immediately after completing its revision of
24 the equalization of the valuation of the several assessment
25 districts shall report its action to the county board of
26 commissioners and board of education if the board has instituted
27 the appeal by filing its report with the clerk of the county

1 board of commissioners. The action of the ~~state~~ tax tribunal
2 ~~in the premises~~ shall constitute the equalization of the county
3 for the tax year.

4 ~~(5) For purposes of appeals pursuant to subsection (4) in~~
5 ~~1981 only, an agent of a supervisor, including an assessor, shall~~
6 ~~be considered to have the authority to file and sign a petition~~
7 ~~for an appeal, and any otherwise timely submitted petition in~~
8 ~~1981 by an agent of a supervisor shall be reviewed by the~~
9 ~~tribunal as if submitted by the supervisor.~~

10 Sec. 34c. (1) Not later than the first Monday in March in
11 each year, the assessor shall classify every item of assessable
12 property according to the definitions contained in this section.
13 Following the March board of review, the assessor shall tabulate
14 the total number of items and the valuations as approved by the
15 board of review for each classification and for the totals of
16 real and personal property in the local tax collecting unit. The
17 assessor shall transmit to the county equalization department and
18 to the state tax commission the tabulation of assessed valuations
19 and other statistical information the state tax commission
20 considers necessary to meet the requirements of this act and 1911
21 PA 44, MCL 209.1 to 209.8.

22 (2) The classifications of assessable real property are
23 described as follows:

24 (a) Agricultural real property includes parcels used
25 partially or wholly for agricultural ~~operations~~ **use**, with or
26 without buildings, and parcels assessed to the department of
27 natural resources and valued by the state tax commission. As

1 used in this subdivision, "agricultural ~~operations~~" means the
2 following:

3 ~~—— (i) Farming in all its branches, including cultivating soil.~~

4 ~~—— (ii) Growing and harvesting any agricultural, horticultural,~~
5 ~~or floricultural commodity.~~

6 ~~—— (iii) Dairying.~~

7 ~~—— (iv) Raising livestock, bees, fish, fur-bearing animals, or~~
8 ~~poultry.~~

9 ~~—— (v) Turf and tree farming.~~

10 ~~—— (vi) Performing any practices on a farm incident to, or in~~

11 ~~conjunction with, farming operations. A use" means the~~

12 production of plants and animals useful to humans, including

13 forages and sod crops; grains, feed crops, and field crops; dairy

14 and dairy products; poultry and poultry products; livestock,

15 including breeding and grazing of cattle, swine, captive

16 cervidae, and similar animals; berries; herbs; flowers; seeds;

17 grasses; nursery stock; fruits; vegetables; Christmas trees; and

18 other similar uses and activities. Agricultural use includes

19 property enrolled in a federal acreage set-aside program or a

20 federal conservation program. Agricultural use does not include

21 the management and harvesting of a woodlot, or a commercial

22 storage, processing, distribution, marketing, or shipping

23 operation. ~~is not part of agricultural operations.~~

24 (b) Commercial real property includes the following:

25 (i) Platted or unplatted parcels used for commercial

26 purposes, whether wholesale, retail, or service, with or without

27 buildings.

1 (ii) Parcels used by fraternal societies.

2 (iii) Parcels used as golf courses, boat clubs, ski areas, or
3 apartment buildings with more than 4 units.

4 ~~(c) Developmental real property includes parcels containing~~
5 ~~more than 5 acres without buildings, or more than 15 acres with a~~
6 ~~market value in excess of its value in use. Developmental real~~
7 ~~property may include farm land or open space land adjacent to a~~
8 ~~population center, or farm land subject to several competing~~
9 ~~valuation influences.~~

10 **(c)** ~~-(d)-~~ Industrial real property includes the following:

11 (i) Platted or unplatted parcels used for manufacturing and
12 processing purposes, with or without buildings.

13 (ii) Parcels used for utilities sites for generating plants,
14 pumping stations, switches, substations, compressing stations,
15 warehouses, rights-of-way, flowage land, and storage areas.

16 (iii) Parcels used for removal or processing of gravel,
17 stone, or mineral ores, whether valued by the local assessor or
18 by the state geologist.

19 **(d)** ~~-(e)-~~ Residential real property includes the following:

20 (i) Platted or unplatted parcels, with or without buildings,
21 and condominium apartments located within or outside a village or
22 city, which are used for, or probably will be used for,
23 residential purposes.

24 (ii) Parcels that are used for, or probably will be used for,
25 recreational purposes, such as lake lots and hunting lands,
26 located in an area used predominantly for recreational purposes.

27 **(e)** ~~-(f)-~~ Timber-cutover real property includes parcels that

1 are stocked with forest products of merchantable type and size,
2 cutover forest land with little or no merchantable products, and
3 marsh lands or other barren land. However, when a typical
4 purchase of this type of land is for residential or recreational
5 uses, the classification shall be changed to residential.

6 (3) The classifications of assessable personal property are
7 described as follows:

8 (a) Agricultural personal property includes farm buildings on
9 leased land and any agricultural equipment and produce not exempt
10 by law.

11 (b) Commercial personal property includes the following:

12 (i) All equipment, furniture, and fixtures on commercial
13 parcels, and inventories not exempt by law.

14 (ii) Outdoor advertising signs and billboards.

15 (iii) Well drilling rigs and other equipment attached to a
16 transporting vehicle but not designed for operation while the
17 vehicle is moving on the highway.

18 (iv) Unlicensed commercial vehicles or commercial vehicles
19 licensed as special mobile equipment or by temporary permits.

20 (v) Commercial buildings on leased land.

21 (c) Industrial personal property includes the following:

22 (i) All machinery and equipment, furniture and fixtures, and
23 dies on industrial parcels, and inventories not exempt by law.

24 (ii) Industrial buildings on leased land.

25 (iii) Personal property of mining companies valued by the
26 state geologist.

27 (d) Residential personal property includes a home, cottage,

1 or cabin on leased land, and a mobile home that would be
2 assessable as real property under section 2a except that the land
3 on which it is located is not assessable because the land is
4 exempt.

5 (e) Utility personal property includes the following:

6 (i) Electric transmission and distribution systems,
7 substation equipment, spare parts, gas distribution systems, and
8 water transmission and distribution systems.

9 (ii) Oil wells and allied equipment such as tanks, gathering
10 lines, field pump units, and buildings.

11 (iii) Inventories not exempt by law.

12 (iv) Gas wells with allied equipment and gathering lines.

13 (v) Oil or gas field equipment stored in the open or in
14 warehouses such as drilling rigs, motors, pipes, and parts.

15 (vi) Gas storage equipment.

16 (vii) Transmission lines of gas or oil transporting
17 companies.

18 (viii) Utility buildings on leased land.

19 (4) For taxes levied before January 1, 2003, buildings on
20 leased land of any classification are improvements where the
21 owner of the improvement is not the owner of the land or fee, the
22 value of the land is not assessed to the owner of the building,
23 and the improvement has been assessed as personal property
24 pursuant to section 14(6). For taxes levied after December 31,
25 2002, buildings located upon leased land, except buildings exempt
26 under section 9f, shall be assessed as real property under
27 section 2 and shall bear the same classification as the parcel

1 upon which the building is located. For taxes levied after
2 December 31, 2001, buildings exempt under section 9f shall be
3 assessed as personal property.

4 (5) If the total usage of a parcel includes more than 1
5 classification, the assessor shall determine the classification
6 that most significantly influences the total valuation of the
7 parcel.

8 (6) An owner of any assessable property who disputes the
9 classification of that parcel shall notify the assessor and may
10 protest the assigned classification to the March board of
11 review. An owner or assessor may appeal the decision of the
12 March board of review by filing a petition with the state tax
13 commission not later than June 30 in that tax year. The state
14 tax commission shall arbitrate the petition based on the written
15 petition and the written recommendations of the assessor and the
16 state tax commission staff. An appeal may not be taken from the
17 decision of the state tax commission regarding classification
18 complaint petitions and the state tax commission's determination
19 is final and binding for the year of the petition.

20 (7) The department of treasury may appeal the classification
21 of any assessable property to the residential and small claims
22 division of the Michigan tax tribunal not later than December 31
23 in the tax year for which the classification is appealed.

24 (8) This section shall not be construed to encourage the
25 assessment of property at other than the uniform percentage of
26 true cash value prescribed by this act.

27 Sec. 34d. (1) As used in this section or section 27a, or

1 section 3 or 31 of article IX of the state constitution of 1963:

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

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

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

26 (ii) Omitted personal property. As used in this
27 subparagraph, "omitted personal property" means previously

1 existing tangible personal property not included in the
2 assessment. Omitted personal property shall be added to the tax
3 roll pursuant to section 154.

4 (iii) New construction. As used in this subparagraph, "new
5 construction" means property not in existence on the immediately
6 preceding tax day and not replacement construction. New
7 construction includes the physical addition of equipment or
8 furnishings, subject to the provisions set forth in
9 section 27(2)(a) to (o). For purposes of determining the taxable
10 value of property under section 27a, the value of new
11 construction is the true cash value of the new construction
12 multiplied by 0.50.

13 (iv) Previously exempt property. As used in this
14 subparagraph, "previously exempt property" means property that
15 was exempt from ad valorem taxation under this act on the
16 immediately preceding tax day but is subject to ad valorem
17 taxation on the current tax day under this act. For purposes of
18 determining the taxable value of real property under
19 section 27a:

20 (A) The value of property previously exempt under section 7u
21 is the taxable value the entire parcel of property would have had
22 if that property had not been exempt, minus the product of the
23 entire parcel's taxable value in the immediately preceding year
24 and the lesser of 1.05 or the inflation rate.

25 (B) The taxable value of property that is a facility as that
26 term is defined in section 2 of ~~Act No. 198 of the Public Acts~~
27 ~~of 1974, being section 207.552 of the Michigan Compiled Laws~~

1 1974 PA 198, MCL 207.552, that was previously exempt under
2 section 7k is the taxable value that property would have had
3 under this act if it had not been exempt.

4 (C) The value of property previously exempt under any other
5 section of law is the true cash value of the previously exempt
6 property multiplied by 0.50.

7 (v) Replacement construction. As used in this subparagraph,
8 "replacement construction" means construction that replaced
9 property damaged or destroyed by accident or act of God and that
10 occurred after the immediately preceding tax day to the extent
11 the construction's true cash value does not exceed the true cash
12 value of property that was damaged or destroyed by accident or
13 act of God in the immediately preceding 3 years. For purposes of
14 determining the taxable value of property under section 27a, the
15 value of the replacement construction is the true cash value of
16 the replacement construction multiplied by a fraction the
17 numerator of which is the taxable value of the property to which
18 the construction was added in the immediately preceding year and
19 the denominator of which is the true cash value of the property
20 to which the construction was added in the immediately preceding
21 year, and then multiplied by the lesser of 1.05 or the inflation
22 rate.

23 (vi) An increase in taxable value attributable to the
24 complete or partial remediation of environmental contamination
25 existing on the immediately preceding tax day. The department of
26 environmental quality shall determine the degree of remediation
27 based on information available in existing department of

1 environmental quality records or information made available to
2 the department of environmental quality if the ~~appropriate~~
3 ~~assessing officer~~ **assessor** for a local tax collecting unit
4 requests that determination. The increase in taxable value
5 attributable to the remediation is the increase in true cash
6 value attributable to the remediation multiplied by a fraction
7 the numerator of which is the taxable value of the property had
8 it not been contaminated and the denominator of which is the true
9 cash value of the property had it not been contaminated.

10 (vii) An increase in the value attributable to the property's
11 occupancy rate if either a loss, as that term is defined in this
12 section, had been previously allowed because of a decrease in the
13 property's occupancy rate or if the value of new construction was
14 reduced because of a below-market occupancy rate. For purposes
15 of determining the taxable value of property under section 27a,
16 the value of an addition for the increased occupancy rate is the
17 product of the increase in the true cash value of the property
18 attributable to the increased occupancy rate multiplied by a
19 fraction the numerator of which is the taxable value of the
20 property in the immediately preceding year and the denominator of
21 which is the true cash value of the property in the immediately
22 preceding year, and then multiplied by the lesser of 1.05 or the
23 inflation rate.

24 (viii) Public services. As used in this subparagraph,
25 "public services" means water service, sewer service, a primary
26 access road, natural gas service, electrical service, telephone
27 service, sidewalks, or street lighting. For purposes of

1 determining the taxable value of real property under section 27a,
2 the value of public services is the amount of increase in true
3 cash value of the property attributable to the available public
4 services multiplied by 0.50 and shall be added in the calendar
5 year following the calendar year when those public services are
6 initially available.

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

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

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

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

16 (d) "Assessed valuation of property as finally equalized"
17 means taxable value **as determined** 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
21 12 monthly values for the United States consumer price index for
22 all urban consumers as defined and officially reported by the
23 United States department of labor, bureau of labor statistics.

24 (g) For taxes levied before 1995, "losses" means a decrease
25 in 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

1 assessment unit's assessment roll.

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

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

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

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

1 (iv) A decrease in taxable value attributable to
 2 environmental contamination existing on the immediately preceding
 3 tax day. The department of environmental quality shall determine
 4 the degree to which environmental contamination limits the use of
 5 property based on information available in existing department of
 6 environmental quality records or information made available to
 7 the department of environmental quality if the ~~appropriate~~
 8 ~~assessing officer~~ **assessor** for a local tax collecting unit
 9 requests that determination. The department of environmental
 10 quality's determination of the degree to which environmental
 11 contamination limits the use of property shall be based on the
 12 criteria established for the ~~classifications~~ **categories** set
 13 forth in section 20120a(1) ~~of part 201 (environmental~~
 14 ~~remediation)~~ of the natural resources and environmental
 15 protection act, ~~Act No. 451 of the Public Acts of 1994, being~~
 16 ~~section 324.20120a of the Michigan Compiled Laws~~ **1994 PA 451,**
 17 **MCL 324.20120a.** The decrease in taxable value attributable to
 18 the contamination is the decrease in true cash value attributable
 19 to the contamination multiplied by a fraction the numerator of
 20 which is the taxable value of the property had it not been
 21 contaminated and the denominator of which is the true cash value
 22 of the property had it not been contaminated.

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

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

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

27 (j) "New construction and improvements" means additions less

1 losses.

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

4 (l) "Inflation rate" means the ratio of the general price
5 level for the state fiscal year ending in the calendar year
6 immediately preceding the current year divided by the general
7 price level for the state fiscal year ending in the calendar year
8 before the year immediately preceding the current year.

9 (2) On or before the first Monday in May of each year, the
10 ~~assessing officer~~ **assessor** of each township or city shall
11 tabulate the tentative taxable value as approved by the local
12 board of review and as modified by county equalization for each
13 classification of property that is separately equalized for each
14 unit of local government and provide the tabulated tentative
15 taxable values to the county equalization director. The
16 tabulation by the ~~assessing officer~~ **assessor** shall contain
17 additions and losses for each classification of property that is
18 separately equalized for each unit of local government or part of
19 a unit of local government in the township or city. If as a
20 result of state equalization the taxable value of property
21 changes, the ~~assessing officer~~ **assessor** of each township or
22 city shall revise the calculations required by this subsection on
23 or before the Friday following the fourth Monday in May. The
24 county equalization director shall compute these amounts and the
25 current and immediately preceding year's taxable values for each
26 classification of property that is separately equalized for each
27 unit of local government that levies taxes under this act within

1 the boundary of the county. The county equalization director
2 shall cooperate with equalization directors of neighboring
3 counties, as necessary, to make the computation for units of
4 local government located in more than 1 county. The county
5 equalization director shall calculate the millage reduction
6 fraction for each unit of local government in the county for the
7 current year. The financial officer for each taxing jurisdiction
8 shall calculate the compounded millage reduction fractions
9 beginning in 1980 resulting from the multiplication of successive
10 millage reduction fractions and shall recognize a local voter
11 action to increase the compounded millage reduction fraction to a
12 maximum of 1 as a new beginning fraction. Upon request of the
13 superintendent of the intermediate school district, the county
14 equalization director shall transmit the complete computations of
15 the taxable values to the superintendent of the intermediate
16 school district within that county. At the request of the
17 presidents of community colleges, the county equalization
18 director shall transmit the complete computations of the taxable
19 values to the presidents of community colleges within the
20 county.

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

25 (4) On or before the second Monday in June of each year, the
26 treasurer of each county shall certify the immediately preceding
27 year's taxable values, the current year's taxable values, the

1 amount of additions and losses for the current year, and the
2 current year's millage reduction fraction for each unit of local
3 government that levies a property tax in the county.

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

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

19 (7) A millage reduction fraction shall be determined for each
20 year for each local unit of government. For ad valorem property
21 taxes that became a lien before January 1, 1983, the numerator of
22 the fraction shall be the total state equalized valuation for the
23 immediately preceding year multiplied by the inflation rate and
24 the denominator of the fraction shall be the total state
25 equalized valuation for the current year minus new construction
26 and improvements. For ad valorem property taxes that become a
27 lien after December 31, 1982 and through December 31, 1994, the

1 numerator of the fraction shall be the product of the difference
2 between the total state equalized valuation for the immediately
3 preceding year minus losses multiplied by the inflation rate and
4 the denominator of the fraction shall be the total state
5 equalized valuation for the current year minus additions. For ad
6 valorem property taxes that are levied after December 31, 1994,
7 the numerator of the fraction shall be the product of the
8 difference between the total taxable value for the immediately
9 preceding year minus losses multiplied by the inflation rate and
10 the denominator of the fraction shall be the total taxable value
11 for the current year minus additions. For each year after 1993,
12 a millage reduction fraction shall not exceed 1.

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

22 (9) The millage reduction shall be determined separately for
23 authorized millage approved by the voters. The limitation on
24 millage authorized by the voters on or before May 31 of a year
25 shall be calculated beginning with the millage reduction fraction
26 for that year. Millage authorized by the voters after May 31
27 shall not be subject to a millage reduction until the year

1 following the voter authorization which shall be calculated
2 beginning with the millage reduction fraction for the year
3 following the authorization. The first millage reduction
4 fraction used in calculating the limitation on millage approved
5 by the voters after January 1, 1979 shall not exceed 1.

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

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

27 (12) A reduction or limitation under this section shall not

1 be applied to taxes imposed for the payment of principal and
2 interest on bonds or other evidence of indebtedness or for the
3 payment of assessments or contract obligations in anticipation of
4 which bonds are issued that were authorized before December 23,
5 1978, as provided by former section 4 of chapter I of ~~the~~
6 ~~municipal finance act, Act No. 202 of the Public Acts of 1943~~
7 **former 1943 PA 202**, or to taxes imposed for the payment of
8 principal and interest on bonds or other evidence of indebtedness
9 or for the payment of assessments or contract obligations in
10 anticipation of which bonds are issued that are approved by the
11 voters after December 22, 1978.

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

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

24 (15) The fractions calculated pursuant to this section shall
25 be rounded to 4 decimal places, except that the inflation rate
26 shall be computed by the state tax commission and shall be
27 rounded to 3 decimal places. The state tax commission shall

1 publish the inflation rate before March 1 of each year.

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

17 Enacting section 1. Section 7a of the general property tax
18 act, 1893 PA 206, MCL 211.7a, is repealed.

19 Enacting section 2. This amendatory act does not take
20 effect unless Senate Joint Resolution _____ or House Joint
21 Resolution A (request no. 00136'03) of the 92nd Legislature
22 becomes a part of the state constitution of 1963 as provided in
23 section 1 of article XII of the state constitution of 1963.