

SUBSTITUTE FOR  
SENATE BILL NO. 323

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 34d, 35, and 37 (MCL 211.34d, 211.35, and  
211.37), section 34d as amended by 2007 PA 31, section 35 as  
amended by 2002 PA 620, and section 37 as amended by 2009 PA 49.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

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

8           (b) For taxes levied after 1994, "additions" means, except as

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

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

18 (ii) Omitted personal property. As used in this subparagraph,  
19 "omitted personal property" means previously existing tangible  
20 personal property not included in the assessment. Omitted personal  
21 property shall be added to the tax roll pursuant to section 154.

22 (iii) New construction. As used in this subparagraph, "new  
23 construction" means property not in existence on the immediately  
24 preceding tax day and not replacement construction. New  
25 construction includes the physical addition of equipment or  
26 furnishings, subject to the provisions set forth in section  
27 27(2) (a) to (o). For purposes of determining the taxable value of

1 property under section 27a, the value of new construction is the  
2 true cash value of the new construction multiplied by 0.50.

3 (iv) Previously exempt property. As used in this subparagraph,  
4 "previously exempt property" means property that was exempt from ad  
5 valorem taxation under this act on the immediately preceding tax  
6 day but is subject to ad valorem taxation on the current tax day  
7 under this act. For purposes of determining the taxable value of  
8 real property under section 27a:

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

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

18 (C) The value of property previously exempt under any other  
19 section of law is the true cash value of the previously exempt  
20 property multiplied by 0.50.

21 (v) Replacement construction. As used in this subparagraph,  
22 "replacement construction" means construction that replaced  
23 property damaged or destroyed by accident or act of God and that  
24 occurred after the immediately preceding tax day to the extent the  
25 construction's true cash value does not exceed the true cash value  
26 of property that was damaged or destroyed by accident or act of God  
27 in the immediately preceding 3 years. For purposes of determining

1 the taxable value of property under section 27a, the value of the  
2 replacement construction is the true cash value of the replacement  
3 construction multiplied by a fraction the numerator of which is the  
4 taxable value of the property to which the construction was added  
5 in the immediately preceding year and the denominator of which is  
6 the true cash value of the property to which the construction was  
7 added in the immediately preceding year, and then multiplied by the  
8 lesser of 1.05 or the inflation rate.

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

23 (vii) An increase in the value attributable to the property's  
24 occupancy rate if either a loss, as that term is defined in this  
25 section, had been previously allowed because of a decrease in the  
26 property's occupancy rate or if the value of new construction was  
27 reduced because of a below-market occupancy rate. For purposes of

1 determining the taxable value of property under section 27a, the  
2 value of an addition for the increased occupancy rate is the  
3 product of the increase in the true cash value of the property  
4 attributable to the increased occupancy rate multiplied by a  
5 fraction the numerator of which is the taxable value of the  
6 property in the immediately preceding year and the denominator of  
7 which is the true cash value of the property in the immediately  
8 preceding year, and then multiplied by the lesser of 1.05 or the  
9 inflation rate.

10 (viii) Public services. As used in this subparagraph, "public  
11 services" means water service, sewer service, a primary access  
12 road, natural gas service, electrical service, telephone service,  
13 sidewalks, or street lighting. For purposes of determining the  
14 taxable value of real property under section 27a, the value of  
15 public services is the amount of increase in true cash value of the  
16 property attributable to the available public services multiplied  
17 by 0.50 and shall be added in the calendar year following the  
18 calendar year when those public services are initially available.

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

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

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

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

27 (d) "Assessed valuation of property as finally equalized"

1 means taxable value under section 27a.

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

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

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

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

15 (i) Property that has been destroyed or removed. For purposes  
16 of determining the taxable value of property under section 27a, the  
17 value of property destroyed or removed is the product of the true  
18 cash value of that property multiplied by a fraction the numerator  
19 of which is the taxable value of that property in the immediately  
20 preceding year and the denominator of which is the true cash value  
21 of that property in the immediately preceding year.

22 (ii) Property that was subject to ad valorem taxation under  
23 this act in the immediately preceding year that is now exempt from  
24 ad valorem taxation under this act. For purposes of determining the  
25 taxable value of property under section 27a, the value of property  
26 exempted from ad valorem taxation under this act is the amount  
27 exempted.

1           (iii) An adjustment in value, if any, because of a decrease in  
2 the property's occupancy rate, to the extent provided by law. For  
3 purposes of determining the taxable value of real property under  
4 section 27a, the value of a loss for a decrease in the property's  
5 occupancy rate is the product of the decrease in the true cash  
6 value of the property attributable to the decreased occupancy rate  
7 multiplied by a fraction the numerator of which is the taxable  
8 value of the property in the immediately preceding year and the  
9 denominator of which is the true cash value of the property in the  
10 immediately preceding year.

11           (iv) A decrease in taxable value attributable to environmental  
12 contamination existing on the immediately preceding tax day. The  
13 department of environmental quality shall determine the degree to  
14 which environmental contamination limits the use of property based  
15 on information available in existing department of environmental  
16 quality records or information made available to the department of  
17 environmental quality if the appropriate assessing officer for a  
18 local tax collecting unit requests that determination. The  
19 department of environmental quality's determination of the degree  
20 to which environmental contamination limits the use of property  
21 shall be based on the criteria established for the categories set  
22 forth in section 20120a(1) of the natural resources and  
23 environmental protection act, 1994 PA 451, MCL 324.20120a. The  
24 decrease in taxable value attributable to the contamination is the  
25 decrease in true cash value attributable to the contamination  
26 multiplied by a fraction the numerator of which is the taxable  
27 value of the property had it not been contaminated and the

1 denominator of which is the true cash value of the property had it  
2 not been contaminated.

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

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

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

7 (j) "New construction and improvements" means additions less  
8 losses.

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

11 (l) "Inflation rate" means the ratio of the general price level  
12 for the state fiscal year ending in the calendar year immediately  
13 preceding the current year divided by the general price level for  
14 the state fiscal year ending in the calendar year before the year  
15 immediately preceding the current year.

16 (2) On or before the first Monday in May of each year, the  
17 assessing officer of each township or city shall tabulate the  
18 tentative taxable value as approved by the local board of review  
19 and as modified by county equalization for each classification of  
20 property that is separately equalized for each unit of local  
21 government and provide the tabulated tentative taxable values to  
22 the county equalization director. The tabulation by the assessing  
23 officer shall contain additions and losses for each classification  
24 of property that is separately equalized for each unit of local  
25 government or part of a unit of local government in the township or  
26 city. If as a result of state equalization the taxable value of  
27 property changes, the assessing officer of each township or city



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

26 (3) On or before the first Monday in June of each year, the  
27 county equalization director shall deliver the statement of the

1 computations signed by the county equalization director to the  
2 county treasurer.

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

9 (5) The financial officer of each unit of local government  
10 shall make the computation of the tax rate using the data certified  
11 by the county treasurer and the state tax commission. At the annual  
12 session in October, **OR, FOR A COUNTY OR LOCAL TAX COLLECTING UNIT**  
13 **THAT APPROVES UNDER SECTION 44A(2) THE ACCELERATED COLLECTION IN A**  
14 **SUMMER PROPERTY TAX LEVY OF A MILLAGE THAT HAD BEEN PREVIOUSLY**  
15 **BILLED AND COLLECTED AS IN A PRECEDING TAX YEAR AS PART OF THE**  
16 **WINTER PROPERTY TAX LEVY, BEFORE A SPECIAL MEETING HELD BEFORE THE**  
17 **ANNUAL LEVY ON JULY 1,** the county board of commissioners shall not  
18 authorize the levy of a tax unless the governing body of the taxing  
19 jurisdiction has certified that the requested millage has been  
20 reduced, if necessary, in compliance with section 31 of article IX  
21 of the state constitution of 1963.

22 (6) The number of mills permitted to be levied in a tax year  
23 is limited as provided in this section pursuant to section 31 of  
24 article IX of the state constitution of 1963. A unit of local  
25 government shall not levy a tax rate greater than the rate  
26 determined by reducing its maximum rate or rates authorized by law  
27 or charter by a millage reduction fraction as provided in this

1 section without voter approval.

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

23 (8) The compounded millage reduction fraction shall be  
24 calculated by multiplying the local unit's previous year's  
25 compounded millage reduction fraction by the current year's millage  
26 reduction fraction. The compounded millage reduction fraction for  
27 the year shall be multiplied by the maximum millage rate authorized

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

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

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

19 (11) A unit of local government may submit to the voters for  
20 their approval the levy in that year of a tax rate in excess of the  
21 limit set by this section. The ballot question shall ask the voters  
22 to approve the levy of a specific number of mills in excess of the  
23 limit. The provisions of this section do not allow the levy of a  
24 millage rate in excess of the maximum rate authorized by law or  
25 charter. If the authorization to levy millage expires after 1993  
26 and a local governmental unit is asking voters to renew the  
27 authorization to levy the millage, the ballot question shall ask

1 for renewed authorization for the number of expiring mills as  
2 reduced by the millage reduction required by this section. If the  
3 election occurs before June 1 of a year, the millage reduction is  
4 based on the immediately preceding year's millage reduction  
5 applicable to that millage. If the election occurs after May 31 of  
6 a year, the millage reduction shall be based on that year's millage  
7 reduction applicable to that millage had it not expired.

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

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

24 (14) If as a result of an appeal of county equalization or  
25 state equalization the taxable value of a unit of local government  
26 changes, the millage reduction fraction for the year shall be  
27 recalculated. The financial officer shall effectuate an addition or

1 reduction of tax revenue in the same manner as prescribed in  
2 subsection (13).

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

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

22 ~~Sec. 35. On or before the first day of September in each year,~~  
23 ~~the~~ **THE** state treasurer shall make and record in his or her office  
24 a statement showing the taxes to be raised for state purposes that  
25 year, referring to the law on which each tax is based, and the  
26 total amount of the taxes. The state tax he or she shall apportion  
27 among the several counties in proportion to the valuation of the

1 taxable property in each county as determined by the last preceding  
2 state board of equalization. ~~and shall before~~ **BEFORE** the October  
3 session of the board of supervisors **OR, FOR A COUNTY OR LOCAL TAX**  
4 **COLLECTING UNIT THAT APPROVES UNDER SECTION 44A(2) THE ACCELERATED**  
5 **COLLECTION IN A SUMMER PROPERTY TAX LEVY OF A MILLAGE THAT HAD BEEN**  
6 **PREVIOUSLY BILLED AND COLLECTED AS IN A PRECEDING TAX YEAR AS PART**  
7 **OF THE WINTER PROPERTY TAX LEVY, BEFORE A SPECIAL MEETING HELD**  
8 **BEFORE THE ANNUAL LEVY ON JULY 1, THE STATE TREASURER SHALL** in each  
9 year make out and transmit to the clerk of each county a statement  
10 of the amount of the taxes apportioned to that county. The state  
11 treasurer shall also, in a separate item of the statement, set  
12 forth the amount of indebtedness of the county to the state  
13 remaining unpaid at the time the statement is made, as shown by the  
14 statement of the account between the county and this state. ~~made by~~  
15 ~~the state treasurer on the first day of July after the~~  
16 ~~apportionment, which amount~~ **A COUNTY'S REMAINING INDEBTEDNESS TO**  
17 **THIS STATE** shall be apportioned by the board of supervisors of the  
18 proper county at the same time as state taxes contained in the  
19 apportionment of the state treasurer, and shall be levied in the  
20 same manner as and become a portion of the county taxes for the  
21 same year, unless the indebtedness is paid to the state before  
22 October ~~first~~ **1, OR FOR A COUNTY OR LOCAL TAX COLLECTING UNIT THAT**  
23 **APPROVES UNDER SECTION 44A(2) THE ACCELERATED COLLECTION IN A**  
24 **SUMMER PROPERTY TAX LEVY OF A MILLAGE THAT HAD BEEN PREVIOUSLY**  
25 **BILLED AND COLLECTED AS IN A PRECEDING TAX YEAR AS PART OF THE**  
26 **WINTER PROPERTY TAX LEVY, BEFORE THE ANNUAL LEVY ON JULY 1.** The  
27 portion of the taxes, if any, that should be assessed to a

1 particular township, shall be apportioned to and assessed upon the  
2 township, ward, or city.

3       Sec. 37. The county board of commissioners, **EITHER** at a  
4 session held not later than October 31 in each year **OR AT A SPECIAL**  
5 **MEETING HELD FOR A LOCAL TAX COLLECTING UNIT THAT APPROVES UNDER**  
6 **SECTION 44A(2) THE ACCELERATED COLLECTION IN A SUMMER PROPERTY TAX**  
7 **LEVY OF A MILLAGE THAT HAD BEEN PREVIOUSLY BILLED AND COLLECTED AS**  
8 **IN A PRECEDING TAX YEAR AS PART OF THE WINTER PROPERTY TAX LEVY,**  
9 shall ascertain and determine the amount of money to be raised for  
10 county purposes, and shall apportion the amount and also the amount  
11 of the state tax and indebtedness of the county to the state among  
12 the several townships in the county in proportion to the valuation  
13 of the taxable real and personal property as determined by the  
14 board, or as determined by the state tax commission upon appeal in  
15 the manner provided by law for that year, which determination and  
16 apportionment shall be entered at large on county records. The  
17 board, at a session held not later than October 31 in each year,  
18 shall also examine all certificates, statements, papers, and  
19 records submitted to it, showing the money to be raised in the  
20 several townships for school, highway, drain, township, and other  
21 purposes. It shall hear and consider all objections made to raising  
22 that money by any taxpayer affected. If it appears to the board  
23 that any certificate, statement, paper, or record is not properly  
24 certified or is in any way defective, or that any proceeding to  
25 authorize the raising of the money has not been had or is in any  
26 way imperfect, the board shall verify the same, and if the  
27 certificate, statement, paper, record, or proceeding can then be



1 corrected, supplied, or had, the board shall authorize and require  
2 the defects or omissions of proceedings to be corrected, supplied,  
3 or had. The board may refer any or all the certificates,  
4 statements, papers, records, and proceedings to the prosecuting  
5 attorney, who shall investigate and without delay report in writing  
6 his or her opinion to the board. The board shall direct that the  
7 money proposed to be raised for township, school, highway, drain,  
8 and all other purposes authorized by law shall be spread upon the  
9 assessment roll of the proper townships, wards, and cities. This  
10 action and direction shall be entered in full upon the records of  
11 the proceedings of the board and shall be final as to the levy and  
12 assessment of all the taxes, except if there is a change made in  
13 the equalization of any county by the state tax commission upon  
14 appeal in the manner provided by law. The direction for spread of  
15 taxes shall be expressed in terms of millages to be spread against  
16 the taxable values of properties and shall not direct the raising  
17 of any specific amount of money. This section does not apply when  
18 section 36(2) applies and shall not prevent the township clerk from  
19 providing a certification to the county clerk pursuant to section  
20 36(1). If a certification is provided pursuant to section 36(1),  
21 the county board of commissioners shall meet and direct or amend  
22 its direction for the spread of millages by local units in the  
23 county pursuant to the certification.

24 Enacting section 1. This amendatory act does not take effect  
25 unless Senate Bill No. 322 of the 96th Legislature is enacted into  
26 law.