

HOUSE BILL NO. 5744

May 23, 2024, Introduced by Rep. VanWoerkom and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 27 and 34d (MCL 211.27 and 211.34d), as
amended by 2022 PA 240, and by adding section 9q.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 9q. For taxes levied after December 31, 2024, all**
2 **personal property classified under section 34c as industrial**
3 **personal property or commercial personal property and constituting**
4 **a qualified hydrogen fuel pump is exempt from the collection of**
5 **taxes under this act. As used in this section:**

1 (a) "Motor vehicle" means that term as defined in section 33
2 of the Michigan vehicle code, 1949 PA 300, MCL 257.33.

3 (b) "Qualified hydrogen fuel pump" means a machine or other
4 device, including, but not limited to, a hydrogen pump, hydrogen
5 dispenser, or combined hydrogen pump and dispenser, located in this
6 state that is used to fill motor vehicles with hydrogen fuel and
7 that meets either the H35 or H70 standard, where H35 indicates a
8 dispensing pressure of 35 Megapascals (MPa) and H70 indicates a
9 dispensing pressure of 70 MPa.

10 Sec. 27. (1) As used in this act, "true cash value" means the
11 usual selling price at the place where the property to which the
12 term is applied is at the time of assessment, being the price that
13 could be obtained for the property at private sale, and not at
14 auction sale except as otherwise provided in this section, or at
15 forced sale. The usual selling price may include sales at public
16 auction held by a nongovernmental agency or person if those sales
17 have become a common method of acquisition in the jurisdiction for
18 the class of property being valued. The usual selling price does
19 not include sales at public auction if the sale is part of a
20 liquidation of the seller's assets in a bankruptcy proceeding or if
21 the seller is unable to use common marketing techniques to obtain
22 the usual selling price for the property. A sale or other
23 disposition by this state or an agency or political subdivision of
24 this state of land acquired for delinquent taxes or an appraisal
25 made in connection with the sale or other disposition or the value
26 attributed to the property of regulated public utilities by a
27 governmental regulatory agency for rate-making purposes is not
28 controlling evidence of true cash value for assessment purposes. In
29 determining the true cash value, the assessor shall also consider

1 the advantages and disadvantages of location; quality of soil;
2 zoning; existing use; present economic income of structures,
3 including farm structures; present economic income of land if the
4 land is being farmed or otherwise put to income producing use;
5 quantity and value of standing timber; water power and privileges;
6 minerals, quarries, or other valuable deposits not otherwise exempt
7 under this act known to be available in the land and their value.
8 In determining the true cash value of personal property owned by an
9 electric utility cooperative, the assessor shall consider the
10 number of kilowatt hours of electricity sold per mile of
11 distribution line compared to the average number of kilowatt hours
12 of electricity sold per mile of distribution line for all electric
13 utilities.

14 (2) The assessor shall not consider the increase in true cash
15 value that is a result of expenditures for normal repairs,
16 replacement, and maintenance in determining the true cash value of
17 property for assessment purposes until the property is sold. For
18 the purpose of implementing this subsection, the assessor shall not
19 increase the construction quality classification or reduce the
20 effective age for depreciation purposes, except if the appraisal of
21 the property was erroneous before nonconsideration of the normal
22 repair, replacement, or maintenance, and shall not assign an
23 economic condition factor to the property that differs from the
24 economic condition factor assigned to similar properties as defined
25 by appraisal procedures applied in the jurisdiction. The increase
26 in value attributable to the items included in subdivisions (a) to
27 ~~(q)~~ **(r)** that is known to the assessor and excluded from true cash
28 value must be indicated on the assessment roll. This subsection
29 applies only to residential property. The following repairs are

1 considered normal maintenance if they are not part of a structural
2 addition or completion:

3 (a) Outside painting.

4 (b) Repairing or replacing siding, roof, porches, steps,
5 sidewalks, or drives.

6 (c) Repainting, repairing, or replacing existing masonry.

7 (d) Replacing awnings.

8 (e) Adding or replacing gutters and downspouts.

9 (f) Replacing storm windows or doors.

10 (g) Insulating or weatherstripping.

11 (h) Complete rewiring.

12 (i) Replacing plumbing and light fixtures.

13 (j) Replacing a furnace with a new furnace of the same type or
14 replacing an oil or gas burner.

15 (k) Repairing plaster, inside painting, or other redecorating.

16 (l) New ceiling, wall, or floor surfacing.

17 (m) Removing partitions to enlarge rooms.

18 (n) Replacing an automatic hot water heater.

19 (o) Replacing dated interior woodwork.

20 (p) Installing, replacing, or repairing an alternative energy
21 system, without regard to ownership of the system, with a
22 generating capacity of not more than 150 kilowatts, the annual
23 energy output of which does not exceed the annual energy
24 consumption measured by the utility-provided electrical meter on
25 the system to which it is connected. As used in this subdivision,
26 "alternative energy system" means that term as defined in section 2
27 of the Michigan next energy authority act, 2002 PA 593, MCL
28 207.822.

29 (q) Installing, replacing, or repairing a whole-home

1 generator.

2 **(r) Installing, replacing, or repairing 1 or more qualified**
 3 **hydrogen fuel pumps. As used in this subdivision, "qualified**
 4 **hydrogen fuel pump" means that term as defined in section 9q.**

5 (3) A city or township assessor, a county equalization
 6 department, or the state tax commission before utilizing real
 7 estate sales data on real property purchases, including purchases
 8 by land contract, to determine assessments or in making sales ratio
 9 studies to assess property or equalize assessments shall exclude
 10 from the sales data the following amounts allowed by subdivisions
 11 (a), (b), and (c) to the extent that the amounts are included in
 12 the real property purchase price and are so identified in the real
 13 estate sales data or certified to the assessor as provided in
 14 subdivision (d):

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

17 (b) Amounts attributable to personal property that were
 18 included in the purchase price of the property in the last
 19 conveyance of the property.

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

25 (d) The purchaser of real property, including a purchaser by
 26 land contract, may file with the assessor of the city or township
 27 in which the property is located 2 copies of the purchase agreement
 28 or of an affidavit that identifies the amount, if any, for each
 29 item listed in subdivisions (a) to (c). The assessor shall forward

1 1 copy to the county equalization department. The affidavit must be
2 as prescribed by the state tax commission.

3 (4) In finalizing sales studies for property classified as
4 agricultural real property under section 34c, an assessor and
5 equalization director shall determine if an affidavit for the
6 property has been filed under section 27a(7)(o). If an affidavit
7 has not been filed, the property must be reviewed to determine if
8 classification as agricultural real property under section 34c is
9 correct or should be changed. The assessor for the local tax
10 collecting unit in which the property is located shall contact the
11 property owner to determine why the property owner did not file an
12 affidavit under section 27a(7)(o). Unless there are convincing
13 facts to the contrary, the sale of property classified as
14 agricultural real property under section 34c for which an affidavit
15 under section 27a(7)(o) has not been filed must not be included in
16 a sales study.

17 (5) As used in subsection (1), "present economic income" means
18 for leased or rented property the ordinary, general, and usual
19 economic return realized from the lease or rental of property
20 negotiated under current, contemporary conditions between parties
21 equally knowledgeable and familiar with real estate values. The
22 actual income generated by the lease or rental of property is not
23 the controlling indicator of its true cash value in all cases. This
24 subsection does not apply to property subject to a lease entered
25 into before January 1, 1984 for which the terms of the lease
26 governing the rental rate or tax liability have not been
27 renegotiated after December 31, 1983. This subsection does not
28 apply to a nonprofit housing cooperative subject to regulatory
29 agreements between the state or federal government entered into

1 before January 1, 1984. As used in this subsection, "nonprofit
2 cooperative housing corporation" means a nonprofit cooperative
3 housing corporation that is engaged in providing housing services
4 to its stockholders and members and that does not pay dividends or
5 interest upon stock or membership investment but that does
6 distribute all earnings to its stockholders or members.

7 (6) Except as otherwise provided in subsection (7), the
8 purchase price paid in a transfer of property is not the
9 presumptive true cash value of the property transferred. In
10 determining the true cash value of transferred property, an
11 assessing officer shall assess that property using the same
12 valuation method used to value all other property of that same
13 classification in the assessing jurisdiction. As used in this
14 subsection and subsection (7), "purchase price" means the total
15 consideration agreed to in an arms-length transaction and not at a
16 forced sale paid by the purchaser of the property, stated in
17 dollars, whether or not paid in dollars.

18 (7) For a transfer of eligible nonprofit housing property from
19 a charitable nonprofit housing organization to a low-income person
20 that occurs after December 31, 2010 through December 30, 2021, the
21 purchase price paid is the presumptive true cash value of the
22 eligible nonprofit housing property transferred. For a transfer of
23 eligible nonprofit housing property from a charitable nonprofit
24 housing organization to a low-income person that occurs on or after
25 December 31, 2021, the loan amount stated in the closing disclosure
26 form for the transfer is the presumptive true cash value of the
27 eligible nonprofit housing property transferred. In the year
28 immediately succeeding the year in which the transfer of eligible
29 nonprofit housing property occurs and each year thereafter, the

1 taxable value of the eligible nonprofit housing property must be
2 adjusted as provided under section 27a. As used in this subsection:

3 (a) "Charitable nonprofit housing organization" means a
4 charitable nonprofit organization the primary purpose of which is
5 the construction or renovation of residential housing for
6 conveyance to a low-income person.

7 (b) "Eligible nonprofit housing property" means property owned
8 by a charitable nonprofit housing organization, the ownership of
9 which the charitable nonprofit housing organization intends to
10 transfer to a low-income person after construction or renovation of
11 the property is completed.

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

15 (d) "Low-income person" means a person with a family income of
16 not more than 80% of the statewide median gross income who is
17 eligible to participate in the charitable nonprofit housing
18 organization's program based on criteria established by the
19 charitable nonprofit housing organization.

20 (8) For purposes of a statement submitted under section 19,
21 the true cash value of a standard tool is the net book value of
22 that standard tool as of December 31 in each tax year as determined
23 using generally accepted accounting principles in a manner
24 consistent with the established depreciation method used by the
25 person submitting that statement. The net book value of a standard
26 tool for federal income tax purposes is not the presumptive true
27 cash value of that standard tool. As used in this subsection,
28 "standard tool" means that term as defined in section 9b.

29 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 unit's
6 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 does
12 not increase taxable value as an addition unless the assessing
13 jurisdiction has a property record card or other documentation
14 showing that the omitted real property was not previously included
15 in the assessment. The assessing jurisdiction has the burden of
16 proof in establishing whether the omitted real property is included
17 in the assessment. Omitted real property for the current and the 2
18 immediately preceding years, discovered after the assessment roll
19 has been completed, must be added to the tax roll pursuant to the
20 procedures established in section 154. For purposes of determining
21 the taxable value of real property under section 27a, the value of
22 omitted real property is based on the value and the ratio of
23 taxable value to true cash value the omitted real property would
24 have had if the property had not been omitted.

25 (ii) Omitted personal property. As used in this subparagraph,
26 "omitted personal property" means previously existing tangible
27 personal property not included in the assessment. Omitted personal
28 property must be added to the tax roll pursuant to section 154.

29 (iii) New construction. As used in this subparagraph, "new

1 construction" means property not in existence on the immediately
 2 preceding tax day and not replacement construction. New
 3 construction includes the physical addition of equipment or
 4 furnishings, subject to the provisions set forth in section
 5 27(2) (a) to ~~(q)~~ **(r)**. For purposes of determining the taxable value
 6 of property under section 27a, the value of new construction is the
 7 true cash value of the new construction multiplied by 0.50.

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

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

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

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

26 (v) Replacement construction. As used in this subparagraph,
 27 "replacement construction" means construction that replaced
 28 property damaged or destroyed by accident or act of God and that
 29 occurred after the immediately preceding tax day to the extent the

1 construction's true cash value does not exceed the true cash value
2 of property that was damaged or destroyed by accident or act of God
3 in the immediately preceding 3 years. Except as otherwise provided
4 in this subparagraph, for purposes of determining the taxable value
5 of property under section 27a, the value of the replacement
6 construction is the true cash value of the replacement construction
7 multiplied by a fraction, the numerator of which is the taxable
8 value of the property to which the construction was added in the
9 immediately preceding year and the denominator of which is the true
10 cash value of the property to which the construction was added in
11 the immediately preceding year, and then multiplied by the lesser
12 of 1.05 or the inflation rate. However, after December 31, 2011,
13 for purposes of determining the taxable value of property under
14 section 27a, if the property's replacement construction is of
15 substantially the same materials as determined by the state tax
16 commission, if the square footage is not more than 5% greater than
17 the property that was damaged or destroyed, and if the replacement
18 construction is completed not later than December 31 in the year 3
19 years after the accident or act of God occurred, the replacement
20 construction's taxable value is equal to the taxable value of the
21 property in the year immediately preceding the year in which the
22 property was damaged or destroyed, adjusted annually as provided in
23 section 27a(2). Any construction materials required to bring the
24 property into compliance with any applicable health, sanitary,
25 zoning, safety, fire, or construction codes or ordinances must be
26 considered to be substantially the same materials by the state tax
27 commission for the sake of replacement construction under this
28 section.

29 (vi) An increase in taxable value attributable to the complete

1 or partial remediation of environmental contamination existing on
 2 the immediately preceding tax day. The department of environment,
 3 Great Lakes, and energy shall determine the degree of remediation
 4 based on information available in existing department of
 5 environment, Great Lakes, and energy records or information made
 6 available to the department of environment, Great Lakes, and energy
 7 if the appropriate assessing officer for a local tax collecting
 8 unit requests that determination. The increase in taxable value
 9 attributable to the remediation is the increase in true cash value
 10 attributable to the remediation multiplied by a fraction, the
 11 numerator of which is the taxable value of the property had it not
 12 been contaminated and the denominator of which is the true cash
 13 value of the property had it not been contaminated.

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

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

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

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

27 (iii) For the purposes of the calculation of the millage
 28 reduction fraction under subsection (7) only, increased taxable
 29 value under section 27a(3) after a transfer of ownership of

1 property.

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

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

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

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

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

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

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

1 (iii) Before December 31, 2013, an adjustment in value, if any,
2 because of a decrease in the property's occupancy rate, to the
3 extent provided by law. For purposes of determining the taxable
4 value of real property under section 27a, the value of a loss for a
5 decrease in the property's occupancy rate is the product of the
6 decrease in the true cash value of the property attributable to the
7 decreased occupancy rate multiplied by a fraction, the numerator of
8 which is the taxable value of the property in the immediately
9 preceding year and the denominator of which is the true cash value
10 of the property in the 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 environment, Great Lakes, and energy shall determine
14 the degree to which environmental contamination limits the use of
15 property based on information available in existing department of
16 environment, Great Lakes, and energy records or information made
17 available to the department of environment, Great Lakes, and energy
18 if the appropriate assessing officer for a local tax collecting
19 unit requests that determination. The department of environment,
20 Great Lakes, and energy's determination of the degree to which
21 environmental contamination limits the use of property must be
22 based on the criteria established for the categories set forth in
23 section 20120a(1) of the natural resources and environmental
24 protection act, 1994 PA 451, MCL 324.20120a. The decrease in
25 taxable value attributable to the contamination is the decrease in
26 true cash value attributable to the contamination multiplied by a
27 fraction, the numerator of which is the taxable value of the
28 property had it not been contaminated and the denominator of which
29 is the true cash value of the property had it not been

1 contaminated.

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

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

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

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

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

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

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

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

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

27 (4) On or before the second Monday in June of each year, the
28 treasurer of each county shall certify the immediately preceding
29 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 certified
6 by the county treasurer and the state tax commission. At the annual
7 session in October, or, for a county or local tax collecting unit
8 that approves under section 44a(2) the accelerated collection in a
9 summer property tax levy of a millage that had been previously
10 billed and collected as in a preceding tax year as part of the
11 winter property tax levy, before a special meeting held before the
12 annual levy on July 1, the county board of commissioners shall not
13 authorize the levy of a tax unless the governing body of the taxing
14 jurisdiction has certified that the requested millage has been
15 reduced, if necessary, in compliance with section 31 of article IX
16 of the state constitution of 1963.

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

24 (7) A millage reduction fraction must be determined for each
25 year for each local unit of government. For ad valorem property
26 taxes that became a lien before January 1, 1983, the numerator of
27 the fraction is the total state equalized valuation for the
28 immediately preceding year multiplied by the inflation rate and the
29 denominator of the fraction is the total state equalized valuation

1 for the current year minus new construction and improvements. For
 2 ad valorem property taxes that become a lien after December 31,
 3 1982 and through December 31, 1994, the numerator of the fraction
 4 is the product of the difference between the total state equalized
 5 valuation for the immediately preceding year minus losses
 6 multiplied by the inflation rate and the denominator of the
 7 fraction is the total state equalized valuation for the current
 8 year minus additions. For ad valorem property taxes that are levied
 9 after December 31, 1994, the numerator of the fraction is the
 10 product of the difference between the total taxable value for the
 11 immediately preceding year minus losses multiplied by the inflation
 12 rate and the denominator of the fraction is the total taxable value
 13 for the current year minus additions. For each year after 1993, a
 14 millage reduction fraction must not exceed 1.

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

23 (9) The millage reduction must be determined separately for
 24 authorized millage approved by the voters. The limitation on
 25 millage authorized by the voters on or before April 30 of a year
 26 must be calculated beginning with the millage reduction fraction
 27 for that year. Millage authorized by the voters after April 30 is
 28 not subject to a millage reduction until the year following the
 29 voter authorization which must be calculated beginning with the

1 millage reduction fraction for the year following the
2 authorization. The first millage reduction fraction used in
3 calculating the limitation on millage approved by the voters after
4 January 1, 1979 must not exceed 1.

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

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

25 (12) A reduction or limitation under this section must not be
26 applied to taxes imposed for the payment of principal and interest
27 on bonds or other evidence of indebtedness or for the payment of
28 assessments or contract obligations in anticipation of which bonds
29 are issued that were authorized before December 23, 1978, as

1 provided by section 4 of chapter I of former 1943 PA 202, or to
2 taxes imposed for the payment of principal and interest on bonds or
3 other evidence of indebtedness or for the payment of assessments or
4 contract obligations in anticipation of which bonds are issued that
5 are approved by the voters after December 22, 1978.

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

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

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

23 (16) Beginning with taxes levied in 1994, the millage
24 reduction required by section 31 of article IX of the state
25 constitution of 1963 permanently reduces the maximum rate or rates
26 authorized by law or charter. The reduced maximum authorized rate
27 or rates for 1994 must equal the product of the maximum rate or
28 rates authorized by law or charter before application of this
29 section multiplied by the compounded millage reduction applicable

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