

# SENATE BILL No. 47

January 22, 2019, Introduced by Senator BARRETT and referred to the Committee on Finance.

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), section  
27 as amended by 2013 PA 162 and section 34d as amended by 2014 PA  
164.

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

1           Sec. 27. (1) As used in this act, "true cash value" means the  
2 usual selling price at the place where the property to which the  
3 term is applied is at the time of assessment, being the price that  
4 could be obtained for the property at private sale, and not at  
5 auction sale except as otherwise provided in this section, or at

1 forced sale. The usual selling price may include sales at public  
2 auction held by a nongovernmental agency or person if those sales  
3 have become a common method of acquisition in the jurisdiction for  
4 the class of property being valued. The usual selling price does  
5 not include sales at public auction if the sale is part of a  
6 liquidation of the seller's assets in a bankruptcy proceeding or if  
7 the seller is unable to use common marketing techniques to obtain  
8 the usual selling price for the property. A sale or other  
9 disposition by this state or an agency or political subdivision of  
10 this state of land acquired for delinquent taxes or an appraisal  
11 made in connection with the sale or other disposition or the value  
12 attributed to the property of regulated public utilities by a  
13 governmental regulatory agency for rate-making purposes is not  
14 controlling evidence of true cash value for assessment purposes. In  
15 determining the true cash value, the assessor shall also consider  
16 the advantages and disadvantages of location; quality of soil;  
17 zoning; existing use; present economic income of structures,  
18 including farm structures; present economic income of land if the  
19 land is being farmed or otherwise put to income producing use;  
20 quantity and value of standing timber; water power and privileges;  
21 minerals, quarries, or other valuable deposits not otherwise exempt  
22 under this act known to be available in the land and their value.  
23 In determining the true cash value of personal property owned by an  
24 electric utility cooperative, the assessor shall consider the  
25 number of kilowatt hours of electricity sold per mile of  
26 distribution line compared to the average number of kilowatt hours  
27 of electricity sold per mile of distribution line for all electric

1 utilities.

2 (2) The assessor shall not consider the increase in true cash  
3 value that is a result of expenditures for normal repairs,  
4 replacement, and maintenance in determining the true cash value of  
5 property for assessment purposes until the property is sold. For  
6 the purpose of implementing this subsection, the assessor shall not  
7 increase the construction quality classification or reduce the  
8 effective age for depreciation purposes, except if the appraisal of  
9 the property was erroneous before nonconsideration of the normal  
10 repair, replacement, or maintenance, and shall not assign an  
11 economic condition factor to the property that differs from the  
12 economic condition factor assigned to similar properties as defined  
13 by appraisal procedures applied in the jurisdiction. The increase  
14 in value attributable to the items included in subdivisions (a) to  
15 ~~(e)~~-(P) that is known to the assessor and excluded from true cash  
16 value shall be indicated on the assessment roll. This subsection  
17 applies only to residential property. The following repairs are  
18 considered normal maintenance if they are not part of a structural  
19 addition or completion:

20 (a) Outside painting.

21 (b) Repairing or replacing siding, roof, porches, steps,  
22 sidewalks, or drives.

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

24 (d) Replacing awnings.

25 (e) Adding or replacing gutters and downspouts.

26 (f) Replacing storm windows or doors.

27 (g) Insulating or weatherstripping.

1 (h) Complete rewiring.

2 (i) Replacing plumbing and light fixtures.

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

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

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

7 (m) Removing partitions to enlarge rooms.

8 (n) Replacing an automatic hot water heater.

9 (o) Replacing dated interior woodwork.

10 (P) **INSTALLING, REPLACING, OR REPAIRING AN ALTERNATIVE ENERGY**  
11 **SYSTEM, WITHOUT REGARD TO OWNERSHIP OF THE SYSTEM, WITH A**  
12 **GENERATING CAPACITY OF NOT MORE THAN 150 KILOWATTS, THE ANNUAL**  
13 **ENERGY OUTPUT OF WHICH DOES NOT EXCEED THE ANNUAL ENERGY**  
14 **CONSUMPTION MEASURED BY THE UTILITY-PROVIDED ELECTRICAL METER ON**  
15 **THE SYSTEM TO WHICH IT IS CONNECTED. AS USED IN THIS SUBDIVISION,**  
16 **"ALTERNATIVE ENERGY SYSTEM" MEANS THAT TERM AS DEFINED IN SECTION 2**  
17 **OF THE MICHIGAN NEXT ENERGY AUTHORITY ACT, 2002 PA 593, MCL**  
18 **207.822.**

19 (3) A city or township assessor, a county equalization  
20 department, or the state tax commission before utilizing real  
21 estate sales data on real property purchases, including purchases  
22 by land contract, to determine assessments or in making sales ratio  
23 studies to assess property or equalize assessments shall exclude  
24 from the sales data the following amounts allowed by subdivisions  
25 (a), (b), and (c) to the extent that the amounts are included in  
26 the real property purchase price and are so identified in the real  
27 estate sales data or certified to the assessor as provided in

1 subdivision (d):

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

4 (b) Amounts attributable to personal property that were  
5 included in the purchase price of the property in the last  
6 conveyance of the property.

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

12 (d) The purchaser of real property, including a purchaser by  
13 land contract, may file with the assessor of the city or township  
14 in which the property is located 2 copies of the purchase agreement  
15 or of an affidavit that identifies the amount, if any, for each  
16 item listed in subdivisions (a) to (c). One copy shall be forwarded  
17 by the assessor to the county equalization department. The  
18 affidavit shall be prescribed by the state tax commission.

19 (4) In finalizing sales studies for property classified as  
20 agricultural real property under section 34c, an assessor and  
21 equalization director shall determine if an affidavit for the  
22 property has been filed under section ~~27a(7)(n)~~ **27A(7)(O)**. If an  
23 affidavit has not been filed, the property shall be reviewed to  
24 determine if classification as agricultural real property under  
25 section 34c is correct or should be changed. The assessor for the  
26 local tax collecting unit in which the property is located shall  
27 contact the property owner to determine why the property owner did

1 not file an affidavit under section ~~27a(7)(n)~~-**27A(7)(O)**. Unless  
2 there are convincing facts to the contrary, the sale of property  
3 classified as agricultural real property under section 34c for  
4 which an affidavit under section ~~27a(7)(n)~~-**27A(7)(O)** has not been  
5 filed shall not be included in a sales study.

6 (5) As used in subsection (1), "present economic income" means  
7 for leased or rented property the ordinary, general, and usual  
8 economic return realized from the lease or rental of property  
9 negotiated under current, contemporary conditions between parties  
10 equally knowledgeable and familiar with real estate values. The  
11 actual income generated by the lease or rental of property is not  
12 the controlling indicator of its true cash value in all cases. This  
13 subsection does not apply to property subject to a lease entered  
14 into before January 1, 1984 for which the terms of the lease  
15 governing the rental rate or tax liability have not been  
16 renegotiated after December 31, 1983. This subsection does not  
17 apply to a nonprofit housing cooperative subject to regulatory  
18 agreements between the state or federal government entered into  
19 before January 1, 1984. As used in this subsection, "nonprofit  
20 cooperative housing corporation" means a nonprofit cooperative  
21 housing corporation that is engaged in providing housing services  
22 to its stockholders and members and that does not pay dividends or  
23 interest upon stock or membership investment but that does  
24 distribute all earnings to its stockholders or members.

25 (6) Except as otherwise provided in subsection (7), the  
26 purchase price paid in a transfer of property is not the  
27 presumptive true cash value of the property transferred. In

1 determining the true cash value of transferred property, an  
2 assessing officer shall assess that property using the same  
3 valuation method used to value all other property of that same  
4 classification in the assessing jurisdiction. As used in this  
5 subsection and subsection (7), "purchase price" means the total  
6 consideration agreed to in an arms-length transaction and not at a  
7 forced sale paid by the purchaser of the property, stated in  
8 dollars, whether or not paid in dollars.

9 (7) The purchase price paid in a transfer of eligible  
10 nonprofit housing property from a charitable nonprofit housing  
11 organization to a low-income person that occurs after December 31,  
12 2010 is the presumptive true cash value of the eligible nonprofit  
13 housing property transferred. In the year immediately succeeding  
14 the year in which the transfer of eligible nonprofit housing  
15 property occurs and each year thereafter, the taxable value of the  
16 eligible nonprofit housing property shall be adjusted as provided  
17 under section 27a. As used in this subsection:

18 (a) "Charitable nonprofit housing organization" means a  
19 charitable nonprofit organization the primary purpose of which is  
20 the construction or renovation of residential housing for  
21 conveyance to a low-income person.

22 (b) "Eligible nonprofit housing property" means property owned  
23 by a charitable nonprofit housing organization, the ownership of  
24 which the charitable nonprofit housing organization intends to  
25 transfer to a low-income person after construction or renovation of  
26 the property is completed.

27 (c) "Family income" and "statewide median gross income" mean

1 those terms as defined in section 11 of the state housing  
2 development authority act of 1966, 1966 PA 346, MCL 125.1411.

3 (d) "Low-income person" means a person with a family income of  
4 not more than 60% of the statewide median gross income who is  
5 eligible to participate in the charitable nonprofit housing  
6 organization's program based on criteria established by the  
7 charitable nonprofit housing organization.

8 (8) For purposes of a statement submitted under section 19,  
9 the true cash value of a standard tool is the net book value of  
10 that standard tool as of December 31 in each tax year as determined  
11 using generally accepted accounting principles in a manner  
12 consistent with the established depreciation method used by the  
13 person submitting that statement. The net book value of a standard  
14 tool for federal income tax purposes is not the presumptive true  
15 cash value of that standard tool. As used in this subsection,  
16 "standard tool" means that term as defined in section 9b.

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

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

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

26 (i) Omitted real property. As used in this subparagraph,  
27 "omitted real property" means previously existing tangible real



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

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

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

27 (iv) Previously exempt property. As used in this subparagraph,

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

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

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

15 (C) The value of property previously exempt under any other  
16 section of law is the true cash value of the previously exempt  
17 property multiplied by 0.50.

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

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

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

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

10 (vii) 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~~ **CONSUMER**  
6 **PRICE INDEX** for all urban consumers as defined and officially  
7 reported by the United States ~~department~~ **DEPARTMENT** of ~~labor,~~  
8 ~~bureau~~ **LABOR, BUREAU** of ~~labor statistics~~ **LABOR STATISTICS**.

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

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

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

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

1 exempted.

2 (iii) Prior to December 31, 2013, an adjustment in value, if  
3 any, because of a decrease in the property's occupancy rate, to the  
4 extent provided by law. For purposes of determining the taxable  
5 value of real property under section 27a, the value of a loss for a  
6 decrease in the property's occupancy rate is the product of the  
7 decrease in the true cash value of the property attributable to the  
8 decreased occupancy rate multiplied by a fraction, the numerator of  
9 which is the taxable value of the property in the immediately  
10 preceding year and the denominator of which is the true cash value  
11 of the property in the immediately preceding year.

12 (iv) A decrease in taxable value attributable to environmental  
13 contamination existing on the immediately preceding tax day. The  
14 department of environmental quality shall determine the degree to  
15 which environmental contamination limits the use of property based  
16 on information available in existing department of environmental  
17 quality records or information made available to the department of  
18 environmental quality if the appropriate assessing officer for a  
19 local tax collecting unit requests that determination. The  
20 department of environmental quality's determination of the degree  
21 to which environmental contamination limits the use of property  
22 shall be based on the criteria established for the categories set  
23 forth in section 20120a(1) of the natural resources and  
24 environmental protection act, 1994 PA 451, MCL 324.20120a. The  
25 decrease in taxable value attributable to the contamination is the  
26 decrease in true cash value attributable to the contamination  
27 multiplied by a fraction, the numerator of which is the taxable

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

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

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

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

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

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

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

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

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

27 (3) On or before the first Monday in June of each year, the



1 county equalization director shall deliver the statement of the  
2 computations signed by the county equalization director to the  
3 county treasurer.

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

10 (5) The financial officer of each unit of local government  
11 shall make the computation of the tax rate using the data certified  
12 by the county treasurer and the state tax commission. At the annual  
13 session in October, or, for a county or local tax collecting unit  
14 that approves under section 44a(2) the accelerated collection in a  
15 summer property tax levy of a millage that had been previously  
16 billed and collected as in a preceding tax year as part of the  
17 winter property tax levy, before a special meeting held before the  
18 annual levy on July 1, the county board of commissioners shall not  
19 authorize the levy of a tax unless the governing body of the taxing  
20 jurisdiction has certified that the requested millage has been  
21 reduced, if necessary, in compliance with section 31 of article IX  
22 of the state constitution of 1963.

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

1 or charter by a millage reduction fraction as provided in this  
2 section without voter approval.

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

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

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

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

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

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

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

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

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

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

1 recalculated. The financial officer shall effectuate an addition or  
2 reduction of tax revenue in the same manner as prescribed in  
3 subsection (13).

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

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

23 Enacting section 1. This amendatory act does not take effect  
24 unless Senate Bill No. 48  
25 of the 100th Legislature is enacted into law.