

HOUSE BILL No. 5286

October 11, 2007, Introduced by Rep. Condino and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 34d (MCL 211.34d), as amended by 2007 PA 31,
and by adding section 7ll.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 7ll. (1) BEGINNING DECEMBER 31, 2007, COMMERCIAL RENTAL
2 PROPERTY IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT IF
3 EITHER OF THE FOLLOWING CONDITIONS OCCURS:

4 (A) AN OWNER OF THAT COMMERCIAL RENTAL PROPERTY HAD CLAIMED
5 AND WAS GRANTED A LOSS ATTRIBUTABLE TO THAT COMMERCIAL RENTAL
6 PROPERTY PURSUANT TO SECTION 34D(1)(H)(iii).

7 (B) AN OWNER OF THAT COMMERCIAL RENTAL PROPERTY CLAIMS AN
8 EXEMPTION AS PROVIDED IN THIS SECTION.

9 (2) COMMERCIAL RENTAL PROPERTY EXEMPT UNDER THIS SECTION IS

1 SUBJECT TO THE SPECIFIC TAX LEVIED UNDER THE COMMERCIAL RENTAL
2 PROPERTY SPECIFIC TAX ACT. COMMERCIAL RENTAL PROPERTY SHALL NOT BE
3 SUBJECT TO BOTH THE COLLECTION OF TAXES UNDER THIS ACT AND THE TAX
4 LEVIED UNDER THE COMMERCIAL RENTAL PROPERTY SPECIFIC TAX ACT IN THE
5 SAME TAX YEAR.

6 (3) AN OWNER OF COMMERCIAL RENTAL PROPERTY MAY CLAIM AN
7 EXEMPTION UNDER THIS SECTION BY FILING AN AFFIDAVIT WITH THE LOCAL
8 TAX COLLECTING UNIT IN WHICH THE COMMERCIAL RENTAL PROPERTY IS
9 LOCATED. THE AFFIDAVIT SHALL STATE THAT THE PROPERTY IS OWNED AND
10 OCCUPIED AS COMMERCIAL RENTAL PROPERTY ON THE DATE THAT THE
11 AFFIDAVIT IS SIGNED. THE AFFIDAVIT SHALL BE ON A FORM PRESCRIBED BY
12 THE DEPARTMENT OF TREASURY. ONE COPY OF THE AFFIDAVIT SHALL BE
13 RETAINED BY THE OWNER, 1 COPY SHALL BE RETAINED BY THE LOCAL TAX
14 COLLECTING UNIT, AND 1 COPY SHALL BE FORWARDED TO THE DEPARTMENT OF
15 TREASURY. THE AFFIDAVIT SHALL BE FILED NOT LATER THAN THE
16 FOLLOWING:

17 (A) FOR COMMERCIAL RENTAL PROPERTY IN EXISTENCE ON THE
18 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE
19 DECEMBER 31 IN THE YEAR IMMEDIATELY SUCCEEDING THE YEAR IN WHICH
20 THE AMENDATORY ACT THAT ADDED THIS SECTION BECOMES EFFECTIVE.

21 (B) FOR COMMERCIAL RENTAL PROPERTY CONSTRUCTED AFTER THE
22 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE
23 DECEMBER 31 IN THE YEAR IMMEDIATELY SUCCEEDING THE YEAR IN WHICH A
24 CERTIFICATE OF OCCUPANCY FOR THE COMMERCIAL RENTAL PROPERTY IS
25 ISSUED.

26 (C) FOR COMMERCIAL RENTAL PROPERTY FOR WHICH AN EXEMPTION HAD
27 NOT BEEN CLAIMED UNDER THIS SECTION, FOR WHICH A TRANSFER OF

1 OWNERSHIP OCCURS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
2 THAT ADDED THIS SECTION, THE DECEMBER 31 IN THE YEAR IMMEDIATELY
3 SUCCEEDING THE YEAR IN WHICH THE TRANSFER OF OWNERSHIP OCCURRED. AS
4 USED IN THIS SUBDIVISION, "TRANSFER OF OWNERSHIP" MEANS THAT TERM
5 AS DEFINED IN SECTION 27A.

6 (4) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (3)
7 AND UNLESS THE CLAIM IS DENIED UNDER THIS SECTION, THE ASSESSOR
8 SHALL EXEMPT THE PROPERTY FROM THE COLLECTION OF TAXES UNDER THIS
9 ACT EFFECTIVE FOR THE YEAR IMMEDIATELY SUCCEEDING THE YEAR IN WHICH
10 THE AFFIDAVIT IS FILED UNTIL DECEMBER 31 OF THE YEAR IN WHICH THE
11 PROPERTY IS NO LONGER COMMERCIAL RENTAL PROPERTY.

12 (5) A TRANSFER OF OWNERSHIP OF COMMERCIAL RENTAL PROPERTY DOES
13 NOT RESCIND AN EXEMPTION PREVIOUSLY CLAIMED UNDER THIS SECTION, AND
14 THE COMMERCIAL RENTAL PROPERTY TRANSFERRED IS SUBJECT TO THE
15 SPECIFIC TAX LEVIED UNDER THE COMMERCIAL RENTAL PROPERTY SPECIFIC
16 TAX ACT UNTIL THE PROPERTY IS NO LONGER COMMERCIAL RENTAL PROPERTY.
17 AN OWNER MAY RESCIND AN EXEMPTION GRANTED UNDER THIS SECTION ONLY
18 IF THE EXEMPTED PROPERTY IS NO LONGER COMMERCIAL RENTAL PROPERTY.
19 NOT MORE THAN 90 DAYS AFTER EXEMPTED PROPERTY IS NO LONGER
20 COMMERCIAL RENTAL PROPERTY, AN OWNER SHALL RESCIND THE CLAIM OF
21 EXEMPTION BY FILING WITH THE LOCAL TAX COLLECTING UNIT A RESCISSION
22 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. AN OWNER WHO FAILS
23 TO FILE A RESCISSION AS REQUIRED BY THIS SUBSECTION IS SUBJECT TO A
24 PENALTY OF \$5.00 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER
25 THE 90 DAYS HAVE ELAPSED, UP TO A MAXIMUM OF \$200.00. THIS PENALTY
26 SHALL BE COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31, AND
27 SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND ESTABLISHED IN

1 SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963. THIS
2 PENALTY MAY BE WAIVED BY THE DEPARTMENT OF TREASURY.

3 (6) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES
4 THAT THE PROPERTY FOR WHICH AN EXEMPTION IS CLAIMED IS NOT
5 COMMERCIAL RENTAL PROPERTY, THE ASSESSOR MAY DENY A NEW OR EXISTING
6 CLAIM BY NOTIFYING THE OWNER AND THE DEPARTMENT OF TREASURY IN
7 WRITING OF THE REASON FOR THE DENIAL AND ADVISING THE OWNER THAT
8 THE DENIAL MAY BE APPEALED TO THE STATE TAX COMMISSION WITHIN 35
9 DAYS AFTER THE DATE OF THE NOTICE. THE ASSESSOR MAY DENY A CLAIM
10 FOR EXEMPTION FOR THE CURRENT YEAR AND FOR THE 3 IMMEDIATELY
11 PRECEDING CALENDAR YEARS. IF THE ASSESSOR DENIES AN EXISTING CLAIM
12 FOR EXEMPTION, THE ASSESSOR SHALL REMOVE THE EXEMPTION OF THE
13 PROPERTY, CALCULATE THE TAXABLE VALUE OF THE PROPERTY, WHICH SHALL
14 BE THE TAXABLE VALUE THE PROPERTY WOULD HAVE HAD IF THE PROPERTY
15 HAD NOT BEEN EXEMPT UNDER THIS SECTION, CALCULATED FROM THE DATE
16 THE PROPERTY WAS NO LONGER COMMERCIAL RENTAL PROPERTY, AND, IF THE
17 TAX ROLL IS IN THE LOCAL TAX COLLECTING UNIT'S POSSESSION, AMEND
18 THE TAX ROLL TO REFLECT THE DENIAL AND THE LOCAL TREASURER SHALL
19 WITHIN 30 DAYS OF THE DATE OF THE DENIAL ISSUE A CORRECTED TAX BILL
20 FOR ANY ADDITIONAL TAXES WITH INTEREST AND PENALTIES COMPUTED FROM
21 THE DATE THE TAXES WERE LAST PAYABLE WITHOUT INTEREST OR PENALTY.
22 IF THE TAX ROLL IS IN THE COUNTY TREASURER'S POSSESSION, THE TAX
23 ROLL SHALL BE AMENDED TO REFLECT THE DENIAL AND THE COUNTY
24 TREASURER SHALL WITHIN 30 DAYS OF THE DATE OF THE DENIAL PREPARE
25 AND SUBMIT A SUPPLEMENTAL TAX BILL FOR ANY ADDITIONAL TAXES,
26 TOGETHER WITH INTEREST AND PENALTIES COMPUTED FROM THE DATE THE
27 TAXES WERE LAST PAYABLE WITHOUT INTEREST OR PENALTY. TAXES LEVIED

1 IN A CORRECTED OR SUPPLEMENTAL TAX BILL SHALL BE RETURNED AS
2 DELINQUENT ON THE MARCH 1 IN THE YEAR IMMEDIATELY SUCCEEDING THE
3 YEAR IN WHICH THE CORRECTED OR SUPPLEMENTAL TAX BILL IS ISSUED.
4 HOWEVER, IF THE PROPERTY HAS BEEN TRANSFERRED TO A BONA FIDE
5 PURCHASER BEFORE ADDITIONAL TAXES WERE BILLED TO THE SELLER AS A
6 RESULT OF THE DENIAL OF A CLAIM FOR EXEMPTION, THE TAXES, INTEREST,
7 AND PENALTIES SHALL NOT BE A LIEN ON THE PROPERTY AND SHALL NOT BE
8 BILLED TO THE BONA FIDE PURCHASER, AND THE LOCAL TAX COLLECTING
9 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX
10 ROLL OR THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE
11 TAX ROLL SHALL NOTIFY THE DEPARTMENT OF TREASURY OF THE AMOUNT OF
12 TAX DUE, INTEREST, AND PENALTIES THROUGH THE DATE OF THAT
13 NOTIFICATION. THE DEPARTMENT OF TREASURY SHALL THEN ASSESS THE
14 OWNER WHO CLAIMED THE EXEMPTION UNDER THIS SECTION FOR THE TAX,
15 INTEREST, AND PENALTIES ACCRUING AS A RESULT OF THE DENIAL OF THE
16 CLAIM FOR EXEMPTION, IF ANY, AS FOR UNPAID TAXES PROVIDED UNDER
17 1941 PA 122, MCL 205.1 TO 205.31, AND SHALL DEPOSIT ANY TAX,
18 PENALTY, AND INTEREST COLLECTED INTO THE STATE SCHOOL AID FUND. THE
19 DENIAL SHALL BE MADE ON A FORM PRESCRIBED BY THE DEPARTMENT OF
20 TREASURY.

21 (7) AN OWNER OF COMMERCIAL RENTAL PROPERTY EXEMPT UNDER THIS
22 SECTION SHALL INFORM A PROSPECTIVE BUYER OF THAT COMMERCIAL RENTAL
23 PROPERTY THAT THE COMMERCIAL RENTAL PROPERTY IS SUBJECT TO THE
24 SPECIFIC TAX LEVIED UNDER THE COMMERCIAL RENTAL PROPERTY SPECIFIC
25 TAX ACT.

26 (8) THE DEPARTMENT OF TREASURY SHALL MAKE AVAILABLE THE
27 AFFIDAVIT FORMS AND THE FORMS TO RESCIND AN EXEMPTION, WHICH MAY BE

1 ON THE SAME FORM, TO ALL CITY AND TOWNSHIP ASSESSORS, COUNTY
2 EQUALIZATION OFFICERS, COUNTY REGISTERS OF DEEDS, AND CLOSING
3 AGENTS.

4 (9) AS USED IN THIS SECTION, "COMMERCIAL RENTAL PROPERTY"
5 MEANS REAL PROPERTY THAT MEETS ALL OF THE FOLLOWING CONDITIONS:

6 (A) IS CLASSIFIED AS COMMERCIAL REAL PROPERTY OR INDUSTRIAL
7 REAL PROPERTY UNDER SECTION 34C.

8 (B) ALL OR A PORTION IS SUBJECT TO A LEASE OR IS OFFERED FOR
9 LEASE.

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

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

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

19 (i) Omitted real property. As used in this subparagraph,
20 "omitted real property" means previously existing tangible real
21 property not included in the assessment. Omitted real property
22 shall not increase taxable value as an addition unless the
23 assessing jurisdiction has a property record card or other
24 documentation showing that the omitted real property was not
25 previously included in the assessment. The assessing jurisdiction
26 has the burden of proof in establishing whether the omitted real
27 property is included in the assessment. Omitted real property for

1 the current and the 2 immediately preceding years, discovered after
2 the assessment roll has been completed, shall be added to the tax
3 roll pursuant to the procedures established in section 154. For
4 purposes of determining the taxable value of real property under
5 section 27a, the value of omitted real property is based on the
6 value and the ratio of taxable value to true cash value the omitted
7 real property would have had if the property had not been omitted.

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

12 (iii) New construction. As used in this subparagraph, "new
13 construction" means property not in existence on the immediately
14 preceding tax day and not replacement construction. New
15 construction includes the physical addition of equipment or
16 furnishings, subject to the provisions set forth in section
17 27(2)(a) to (o). For purposes of determining the taxable value of
18 property under section 27a, the value of new construction is the
19 true cash value of the new construction multiplied by 0.50.

20 (iv) Previously exempt property. As used in this subparagraph,
21 "previously exempt property" means property that was exempt from ad
22 valorem taxation under this act on the immediately preceding tax
23 day but is subject to ad valorem taxation on the current tax day
24 under this act. For purposes of determining the taxable value of
25 real property under section 27a:

26 (A) The value of property previously exempt under section 7u
27 is the taxable value the entire parcel of property would have had

1 if that property had not been exempt, minus the product of the
2 entire parcel's taxable value in the immediately preceding year and
3 the lesser of 1.05 or the inflation rate.

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

8 (C) THE TAXABLE VALUE OF PROPERTY THAT WAS COMMERCIAL RENTAL
9 PROPERTY THAT WAS PREVIOUSLY EXEMPT UNDER SECTION 7II IS THAT
10 PROPERTY'S ADJUSTED TAXABLE VALUE UNDER THE COMMERCIAL RENTAL
11 PROPERTY SPECIFIC TAX ACT IN THE IMMEDIATELY PRECEDING YEAR.

12 (D) ~~(C)~~—The value of property previously exempt under any
13 other section of law is the true cash value of the previously
14 exempt property multiplied by 0.50.

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

1 added in the immediately preceding year, and then multiplied by the
2 lesser of 1.05 or the inflation rate.

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

17 (vii) ~~An~~ **PRIOR TO JANUARY 1, 2005, AN** increase in the value
18 attributable to the property's occupancy rate if either a loss, as
19 that term is defined in this section, had been previously allowed
20 because of a decrease in the property's occupancy rate or if the
21 value of new construction was reduced because of a below-market
22 occupancy rate. For purposes of determining the taxable value of
23 property under section 27a, the value of an addition for the
24 increased occupancy rate is the product of the increase in the true
25 cash value of the property attributable to the increased occupancy
26 rate multiplied by a fraction the numerator of which is the taxable
27 value of the property in the immediately preceding year and the

1 denominator of which is the true cash value of the property in the
2 immediately preceding year, and then multiplied by the lesser of
3 1.05 or the inflation rate.

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

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

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

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

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

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

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

25 (f) "General price level" means the annual average of the 12
26 monthly values for the United States consumer price index for all
27 urban consumers as defined and officially reported by the United

1 States department of labor, bureau of labor statistics.

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

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

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

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

22 (iii) ~~AN~~ PRIOR TO DECEMBER 31, 2007, AND AFTER DECEMBER 30, 2007
23 IF THE COMMERCIAL RENTAL PROPERTY SPECIFIC TAX LEVIED UNDER THE
24 COMMERCIAL RENTAL PROPERTY SPECIFIC TAX ACT IS REPEALED AS PROVIDED
25 IN SECTION 7 OF THE COMMERCIAL RENTAL PROPERTY SPECIFIC TAX ACT, AN
26 adjustment in value, if any, because of a decrease in the
27 property's occupancy rate, to the extent provided by law. For

1 purposes of determining the taxable value of real property under
2 section 27a, the value of a loss for a decrease in the property's
3 occupancy rate is the product of the decrease in the true cash
4 value of the property attributable to the decreased occupancy rate
5 multiplied by a fraction the numerator of which is the taxable
6 value of the property in the immediately preceding year and the
7 denominator of which is the true cash value of the property in the
8 immediately preceding year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (9) The millage reduction shall be determined separately for
25 authorized millage approved by the voters. The limitation on
26 millage authorized by the voters on or before April 30 of a year
27 shall be calculated beginning with the millage reduction fraction

1 for that year. Millage authorized by the voters after April 30
2 shall not be subject to a millage reduction until the year
3 following the voter authorization which shall be calculated
4 beginning with the millage reduction fraction for the year
5 following the authorization. The first millage reduction fraction
6 used in calculating the limitation on millage approved by the
7 voters after January 1, 1979 shall not exceed 1.

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

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

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

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

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

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

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

15 Enacting section 1. This amendatory act does not take effect
16 unless House Bill No. 4375 of the 94th Legislature is enacted into
17 law.