

# HOUSE BILL NO. 4111

February 25, 2025, Introduced by Rep. VanWoerkom and referred to 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), 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, 2025, 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 **and** minerals, quarries, or other valuable deposits not otherwise  
7 exempt under this act known to be available in the land and their  
8 value. In determining the true cash value of personal property  
9 owned by an electric utility cooperative, the assessor shall  
10 consider the number of kilowatt hours of electricity sold per mile  
11 of distribution line compared to the average number of kilowatt  
12 hours of electricity sold per mile of distribution line for all  
13 electric 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~~" **cooperative** means a nonprofit  
3 cooperative housing corporation that is engaged in providing  
4 housing services to its stockholders and members and that does not  
5 pay dividends or interest ~~upon~~ **on** stock or membership investment  
6 but that does distribute all earnings to its stockholders or  
7 members.

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

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

1 nonprofit housing property occurs and each year thereafter, the  
2 taxable value of the eligible nonprofit housing property must be  
3 adjusted as provided under section 27a. As used in this subsection:

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

27           (v) Replacement construction. As used in this subparagraph,  
28 "replacement construction" means construction that replaced  
29 property damaged or destroyed by accident or act of God and that

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

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

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

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

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

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

28           (iii) For the purposes of the calculation of the millage  
29 reduction fraction under subsection (7) only, increased taxable

1 value under section 27a(3) after a transfer of ownership of  
2 property.

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

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

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

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

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

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

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

1 exempted.

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

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

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

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

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

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

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

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

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

28 (4) On or before the second Monday in June of each year, the  
29 treasurer of each county shall certify the immediately preceding



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

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

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

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

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

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

(9) The millage reduction must be determined separately for authorized millage approved by the voters. The limitation on millage authorized by the voters on or before April 30 of a year must be calculated beginning with the millage reduction fraction for that year. Millage authorized by the voters after April 30 is not subject to a millage reduction until the year following the

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

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

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

26 (12) A reduction or limitation under this section must not be  
27 applied to taxes imposed for the payment of principal and interest  
28 on bonds or other evidence of indebtedness or for the payment of  
29 assessments or contract obligations in anticipation of which bonds

1 are issued that were authorized before December 23, 1978, as  
2 provided by section 4 of chapter I of former 1943 PA 202, or to  
3 taxes imposed for the payment of principal and interest on bonds or  
4 other evidence of indebtedness or for the payment of assessments or  
5 contract obligations in anticipation of which bonds are issued that  
6 are approved by the voters after December 22, 1978.

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

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

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

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

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

9 Enacting section 1. This amendatory act does not take effect  
10 unless House Bill No. 4112 (request no. H01488'25 a) of the 103rd  
11 Legislature is enacted into law.