



# HOUSE BILL No. 4479

February 28, 1995, Introduced by Reps. Voorhees, LeTarte, Walberg, Jersevic, Gnodtke, Goschka, McManus and Bobier and referred to the Committee on Tax Policy.

A bill to amend section 27 of Act No. 206 of the Public Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No. 283 of the Public Acts of 1989, being section 211.27 of the Michigan Compiled Laws.

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

1 Section 1. Section 27 of Act No. 206 of the Public Acts of  
2 1893, as amended by Act No. 283 of the Public Acts of 1989, being  
3 section 211.27 of the Michigan Compiled Laws, is amended to read  
4 as follows:

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

1 at forced sale. The usual selling price may include sales at  
2 public auction held by a nongovernmental agency or person ~~when~~  
3 IF those sales have become a common method of acquisition in the  
4 jurisdiction for the class of property being valued. The usual  
5 selling price does not include sales at public auction ~~where~~ IF  
6 the sale is part of a liquidation of the seller's assets in a  
7 bankruptcy proceeding or ~~where~~ IF the seller is unable to use  
8 common marketing techniques to obtain the usual selling price for  
9 the property. A sale or other disposition by the state or an  
10 agency or political subdivision of the state of land acquired for  
11 delinquent taxes or an appraisal made in connection with the sale  
12 or other disposition or the value attributed to the property of  
13 regulated public utilities by a governmental regulatory agency  
14 for rate-making purposes ~~shall~~ IS not ~~be considered~~ control-  
15 ling evidence of true cash value for assessment purposes. In  
16 determining the value, the assessor shall also consider the  
17 advantages and disadvantages of location; quality of soil;  
18 zoning; existing use; present economic income of structures,  
19 including farm structures; present economic income of land if the  
20 land is being farmed or otherwise put to income producing use;  
21 quantity and value of standing timber; water power and privi-  
22 leges; and mines, minerals, quarries, or other valuable deposits  
23 known to be available in the land and their value. HOWEVER, IN  
24 DETERMINING THE VALUE OF UNIMPROVED REAL PROPERTY, THE ASSESSOR  
25 SHALL NOT CONSIDER UNTIL THE PROPERTY IS SOLD THE INCREASE IN  
26 TRUE CASH VALUE THAT IS A RESULT OF IMPROVEMENTS THAT ARE DEEDED  
27 TO THE LOCAL UNIT OF GOVERNMENT IN WHICH THE PROPERTY IS LOCATED.

1 (2) The assessor, beginning December 31, 1976, shall not  
2 consider the increase in true cash value that is a result of  
3 expenditures for normal repairs, replacement, and maintenance  
4 made or completed after December 30, 1976 in determining the true  
5 cash value of property for assessment purposes until the property  
6 is sold. For the purpose of implementing this subsection, the  
7 assessor shall not increase the construction quality classifica-  
8 tion or reduce the effective age for depreciation purposes,  
9 except if the appraisal of the property was erroneous before non-  
10 consideration of the normal repair, replacement, or maintenance,  
11 and shall not assign an economic condition factor to the property  
12 that differs from the economic condition factor assigned to simi-  
13 lar properties as defined by appraisal procedures applied in the  
14 jurisdiction. The increase in value attributable to the items  
15 included in subdivisions (a) to (o) that is known to the assessor  
16 and excluded from true cash value shall be indicated on the  
17 assessment roll. This subsection ~~shall apply~~ APPLIES only to  
18 residential property. The following repairs ~~shall be~~ ARE con-  
19 sidered normal maintenance if they are not part of a structural  
20 addition or completion:

- 21 (a) Outside painting.
- 22 (b) Repairing or replacing siding, roof, porches, steps,  
23 sidewalks, ~~and~~ OR drives.
- 24 (c) Repainting, repairing, or replacing existing masonry.
- 25 (d) Replacement of awnings.
- 26 (e) Adding or replacing gutters and downspouts.

- 1 (f) Replacing storm windows or doors.
- 2 (g) Insulation or weatherstripping.
- 3 (h) Complete rewiring.
- 4 (i) Replacing plumbing and light fixtures.
- 5 (j) New furnace replacing a furnace of the same type or  
6 replacing oil or gas burner.
- 7 (k) Plaster repairs, inside painting, or other  
8 redecorating.
- 9 (l) New ceiling, wall, or floor surfacing.
- 10 (m) Removing partitions to enlarge rooms.
- 11 (n) Replacing automatic hot water heater.
- 12 (o) Replacing dated interior woodwork.
- 13 (3) Beginning December 31, 1978, a city or township asses-  
14 sor, a county equalization department, or the state tax commis-  
15 sion before utilizing real estate sales data on real property  
16 purchases, including purchases by land contract, for the purpose  
17 of determining assessments or in making sales ratio studies for  
18 the purpose of assessing or equalizing assessments shall exclude  
19 from the sales data the following amounts allowed by subdivisions  
20 (a), (b), and (c) to the extent that the amounts are included in  
21 the real property purchase price and are so identified in the  
22 real estate sales data or certified to the assessor as provided  
23 in subdivision (d):
- 24 (a) Amounts paid for obtaining financing of the purchase  
25 price of the property or the last conveyance of the property.

1 (b) Amounts attributable to personal property ~~which~~ THAT  
2 were included in the purchase price of the property in the last  
3 conveyance of the property.

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

10 (d) The purchaser of real property, including a purchaser by  
11 land contract, may file with the assessor of the city or township  
12 in which the property is located 2 copies of the purchase agree-  
13 ment or of an affidavit ~~which shall identify~~ IDENTIFYING the  
14 amount, if any, for each item listed in subdivisions (a) to (c).  
15 One copy shall be forwarded by the assessor to the county equali-  
16 zation department. The affidavit shall be prescribed by the  
17 state tax commission.

18 (4) As used in subsection (1), "present economic income"  
19 means in the case of leased or rented property the ordinary, gen-  
20 eral, and usual economic return realized from the lease or rental  
21 of property negotiated under current, contemporary conditions  
22 between parties equally knowledgeable and familiar with real  
23 estate values. The actual income generated by the lease or  
24 rental of property ~~shall~~ IS not ~~be~~ the controlling indicator  
25 of its cash value in all cases. This subsection ~~shall~~ DOES not  
26 apply to property when subject to a lease entered into ~~prior to~~  
27 BEFORE January 1, 1984 for which the terms of the lease governing

1 the rental rate or tax liability have not been renegotiated after  
2 December 31, 1983. This subsection ~~shall~~ DOES not apply to a  
3 nonprofit housing cooperative ~~when~~ THAT IS subject to regula-  
4 tory agreements between the state or federal government entered  
5 into ~~prior to~~ BEFORE January 1, 1984. As used in this subsec-  
6 tion, "nonprofit cooperative housing corporation" means a non-  
7 profit cooperative housing corporation ~~which~~ THAT is engaged in  
8 providing housing services to its stockholders and members and  
9 ~~which~~ THAT does not pay dividends or interest upon stock or  
10 membership investment but ~~which~~ THAT does distribute all earn-  
11 ings to its stockholders or members.