

HOUSE BILL No. 4440

March 8, 2007, Introduced by Reps. Meisner, Condino, Polidori, Meadows, Valentine, Gillard, Robert Jones, LeBlanc, Gaffney, Vagnozzi, Alma Smith, Accavitti, Hopgood, Hammon, Miller, Constan, Johnson and Brown and referred to the Committee on Commerce.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 27a and 34d (MCL 211.27a and 211.34d), section 27a as amended by 2006 PA 446 and section 34d as amended by 2005 PA 12.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 27a. (1) Except as otherwise provided in this section,
2 property shall be assessed at 50% of its true cash value under
3 section 3 of article IX of the state constitution of 1963.

4 (2) Except as otherwise provided in subsection (3), for taxes
5 levied in 1995 and for each year after 1995, the taxable value of
6 each parcel of property is the lesser of the following:

7 (a) The property's taxable value in the immediately preceding
8 year minus any losses, multiplied by the lesser of 1.05 or the

1 inflation rate, plus all additions. For taxes levied in 1995, the
2 property's taxable value in the immediately preceding year is the
3 property's state equalized valuation in 1994.

4 (b) The property's current state equalized valuation.

5 (3) Upon a transfer of ownership of property after 1994, the
6 property's taxable value for the calendar year following the year
7 of the transfer is the property's state equalized valuation for the
8 calendar year following the transfer.

9 (4) If the taxable value of property is adjusted under
10 subsection (3), a subsequent increase in the property's taxable
11 value is subject to the limitation set forth in subsection (2)
12 until a subsequent transfer of ownership occurs. If the taxable
13 value of property is adjusted under subsection (3) and the assessor
14 determines that there had not been a transfer of ownership, the
15 taxable value of the property shall be adjusted at the July or
16 December board of review. Notwithstanding the limitation provided
17 in section 53b(1) on the number of years for which a correction may
18 be made, the July or December board of review may adjust the
19 taxable value of property under this subsection for the current
20 year and for the 3 immediately preceding calendar years. A
21 corrected tax bill shall be issued for each tax year for which the
22 taxable value is adjusted by the local tax collecting unit if the
23 local tax collecting unit has possession of the tax roll or by the
24 county treasurer if the county has possession of the tax roll. For
25 purposes of section 53b, an adjustment under this subsection shall
26 be considered the correction of a clerical error.

27 (5) Assessment of property, as required in this section and

1 section 27, is inapplicable to the assessment of property subject
2 to the levy of ad valorem taxes within voted tax limitation
3 increases to pay principal and interest on limited tax bonds issued
4 by any governmental unit, including a county, township, community
5 college district, or school district, before January 1, 1964, if
6 the assessment required to be made under this act would be less
7 than the assessment as state equalized prevailing on the property
8 at the time of the issuance of the bonds. This inapplicability
9 shall continue until levy of taxes to pay principal and interest on
10 the bonds is no longer required. The assessment of property
11 required by this act shall be applicable for all other purposes.

12 (6) As used in this act, "transfer of ownership" means the
13 conveyance of title to or a present interest in property, including
14 the beneficial use of the property, the value of which is
15 substantially equal to the value of the fee interest. Transfer of
16 ownership of property includes, but is not limited to, the
17 following:

18 (a) A conveyance by deed.

19 (b) A conveyance by land contract. The taxable value of
20 property conveyed by a land contract executed after December 31,
21 1994 shall be adjusted under subsection (3) for the calendar year
22 following the year in which the contract is entered into and shall
23 not be subsequently adjusted under subsection (3) when the deed
24 conveying title to the property is recorded in the office of the
25 register of deeds in the county in which the property is located.

26 (c) A conveyance to a trust after December 31, 1994, except if
27 the settlor or the settlor's spouse, or both, conveys the property

1 to the trust and the sole present beneficiary or beneficiaries are
2 the settlor or the settlor's spouse, or both.

3 (d) A conveyance by distribution from a trust, except if the
4 distributee is the sole present beneficiary or the spouse of the
5 sole present beneficiary, or both.

6 (e) A change in the sole present beneficiary or beneficiaries
7 of a trust, except a change that adds or substitutes the spouse of
8 the sole present beneficiary.

9 (f) A conveyance by distribution under a will or by intestate
10 succession, except if the distributee is the decedent's spouse.

11 (g) A conveyance by lease if the total duration of the lease,
12 including the initial term and all options for renewal, is more
13 than 35 years or the lease grants the lessee a bargain purchase
14 option. As used in this subdivision, "bargain purchase option"
15 means the right to purchase the property at the termination of the
16 lease for not more than 80% of the property's projected true cash
17 value at the termination of the lease. After December 31, 1994, the
18 taxable value of property conveyed by a lease with a total duration
19 of more than 35 years or with a bargain purchase option shall be
20 adjusted under subsection (3) for the calendar year following the
21 year in which the lease is entered into. This subdivision does not
22 apply to personal property except buildings described in section
23 14(6) and personal property described in section 8(h), (i), and
24 (j). This subdivision does not apply to that portion of the
25 property not subject to the leasehold interest conveyed.

26 (h) A conveyance of an ownership interest in a corporation,
27 partnership, sole proprietorship, limited liability company,

1 limited liability partnership, or other legal entity if the
2 ownership interest conveyed is more than 50% of the corporation,
3 partnership, sole proprietorship, limited liability company,
4 limited liability partnership, or other legal entity. Unless
5 notification is provided under subsection (10), the corporation,
6 partnership, sole proprietorship, limited liability company,
7 limited liability partnership, or other legal entity shall notify
8 the assessing officer on a form provided by the state tax
9 commission not more than 45 days after a conveyance of an ownership
10 interest that constitutes a transfer of ownership under this
11 subdivision.

12 (i) A transfer of property held as a tenancy in common, except
13 that portion of the property not subject to the ownership interest
14 conveyed.

15 (j) A conveyance of an ownership interest in a cooperative
16 housing corporation, except that portion of the property not
17 subject to the ownership interest conveyed.

18 (7) Transfer of ownership does not include the following:

19 (a) The transfer of property from 1 spouse to the other spouse
20 or from a decedent to a surviving spouse.

21 (b) A transfer from a husband, a wife, or a husband and wife
22 creating or disjoining a tenancy by the entirety in the grantors
23 or the grantor and his or her spouse.

24 (c) A transfer of that portion of property subject to a life
25 estate or life lease retained by the transferor, until expiration
26 or termination of the life estate or life lease. That portion of
27 property transferred that is not subject to a life lease shall be

1 adjusted under subsection (3).

2 (d) A transfer through foreclosure or forfeiture of a recorded
3 instrument under chapter 31, 32, or 57 of the revised judicature
4 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3280 and MCL 600.5701
5 to 600.5759, or through deed or conveyance in lieu of a foreclosure
6 or forfeiture, until the mortgagee or land contract vendor
7 subsequently transfers the property. If a mortgagee does not
8 transfer the property within 1 year of the expiration of any
9 applicable redemption period, the property shall be adjusted under
10 subsection (3).

11 (e) A transfer by redemption by the person to whom taxes are
12 assessed of property previously sold for delinquent taxes.

13 (f) A conveyance to a trust if the settlor or the settlor's
14 spouse, or both, conveys the property to the trust and the sole
15 present beneficiary of the trust is the settlor or the settlor's
16 spouse, or both.

17 (g) A transfer pursuant to a judgment or order of a court of
18 record making or ordering a transfer, unless a specific monetary
19 consideration is specified or ordered by the court for the
20 transfer.

21 (h) A transfer creating or terminating a joint tenancy between
22 2 or more persons if at least 1 of the persons was an original
23 owner of the property before the joint tenancy was initially
24 created and, if the property is held as a joint tenancy at the time
25 of conveyance, at least 1 of the persons was a joint tenant when
26 the joint tenancy was initially created and that person has
27 remained a joint tenant since the joint tenancy was initially

1 created. A joint owner at the time of the last transfer of
2 ownership of the property is an original owner of the property. For
3 purposes of this subdivision, a person is an original owner of
4 property owned by that person's spouse.

5 (i) A transfer for security or an assignment or discharge of a
6 security interest.

7 (j) A transfer of real property or other ownership interests
8 among members of an affiliated group. As used in this subsection,
9 "affiliated group" means 1 or more corporations connected by stock
10 ownership to a common parent corporation. Upon request by the state
11 tax commission, a corporation shall furnish proof within 45 days
12 that a transfer meets the requirements of this subdivision. A
13 corporation that fails to comply with a request by the state tax
14 commission under this subdivision is subject to a fine of \$200.00.

15 (k) Normal public trading of shares of stock or other
16 ownership interests that, over any period of time, cumulatively
17 represent more than 50% of the total ownership interest in a
18 corporation or other legal entity and are traded in multiple
19 transactions involving unrelated individuals, institutions, or
20 other legal entities.

21 (l) A transfer of real property or other ownership interests
22 among corporations, partnerships, limited liability companies,
23 limited liability partnerships, or other legal entities if the
24 entities involved are commonly controlled. Upon request by the
25 state tax commission, a corporation, partnership, limited liability
26 company, limited liability partnership, or other legal entity shall
27 furnish proof within 45 days that a transfer meets the requirements

1 of this subdivision. A corporation, partnership, limited liability
2 company, limited liability partnership, or other legal entity that
3 fails to comply with a request by the state tax commission under
4 this subdivision is subject to a fine of \$200.00.

5 (m) A direct or indirect transfer of real property or other
6 ownership interests resulting from a transaction that qualifies as
7 a tax-free reorganization under section 368 of the internal revenue
8 code, 26 USC 368. Upon request by the state tax commission, a
9 property owner shall furnish proof within 45 days that a transfer
10 meets the requirements of this subdivision. A property owner who
11 fails to comply with a request by the state tax commission under
12 this subdivision is subject to a fine of \$200.00.

13 (n) A transfer of qualified agricultural property, if the
14 person to whom the qualified agricultural property is transferred
15 files an affidavit with the assessor of the local tax collecting
16 unit in which the qualified agricultural property is located and
17 with the register of deeds for the county in which the qualified
18 agricultural property is located attesting that the qualified
19 agricultural property shall remain qualified agricultural property.
20 The affidavit under this subdivision shall be in a form prescribed
21 by the department of treasury. An owner of qualified agricultural
22 property shall inform a prospective buyer of that qualified
23 agricultural property that the qualified agricultural property is
24 subject to the recapture tax provided in the agricultural property
25 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the
26 qualified agricultural property is converted by a change in use. If
27 property ceases to be qualified agricultural property at any time

1 after being transferred, all of the following shall occur:

2 (i) The taxable value of that property shall be adjusted under
3 subsection (3) as of the December 31 in the year that the property
4 ceases to be qualified agricultural property.

5 (ii) The property is subject to the recapture tax provided for
6 under the agricultural property recapture act, 2000 PA 261, MCL
7 211.1001 to 211.1007.

8 (o) A transfer of qualified forest property, if the person to
9 whom the qualified forest property is transferred files an
10 affidavit with the assessor of the local tax collecting unit in
11 which the qualified forest property is located and with the
12 register of deeds for the county in which the qualified forest
13 property is located attesting that the qualified forest property
14 shall remain qualified forest property. The affidavit under this
15 subdivision shall be in a form prescribed by the department of
16 treasury. An owner of qualified forest property shall inform a
17 prospective buyer of that qualified forest property that the
18 qualified forest property is subject to the recapture tax provided
19 in the qualified forest property recapture tax act, 2006 PA 379,
20 MCL 211.1031 to 211.1036, if the qualified forest property is
21 converted by a change in use. If property ceases to be qualified
22 forest property at any time after being transferred, all of the
23 following shall occur:

24 (i) The taxable value of that property shall be adjusted under
25 subsection (3) as of the December 31 in the year that the property
26 ceases to be qualified forest property.

27 (ii) The property is subject to the recapture tax provided for

1 under the qualified forest property recapture tax act, 2006 PA 379,
2 MCL 211.1031 to 211.1036.

3 (p) Beginning on the effective date of the amendatory act that
4 added this subdivision, a transfer of land, but not buildings or
5 structures located on the land, which meets 1 or more of the
6 following requirements:

7 (i) The land is subject to a conservation easement under
8 subpart 11 of part 21 of the natural resources and environmental
9 protection act, 1994 PA 451, MCL 324.2140 to 324.2144. As used in
10 this subparagraph, "conservation easement" means that term as
11 defined in section 2140 of the natural resources and environmental
12 protection act, 1994 PA 451, MCL 324.2140.

13 (ii) A transfer of ownership of the land or a transfer of an
14 interest in the land is eligible for a deduction as a qualified
15 conservation contribution under section 170(h) of the internal
16 revenue code, 26 USC 170.

17 **(Q) BEGINNING MARCH 1, 2007 AND THROUGH SEPTEMBER 1, 2008, THE**
18 **TRANSFER OF PROPERTY EXEMPT UNDER SECTION 7CC AS A PRINCIPAL**
19 **RESIDENCE IF THE PERSON TO WHOM THE PROPERTY IS TRANSFERRED CLAIMS**
20 **AN EXEMPTION FOR THE PROPERTY UNDER SECTION 7CC AS A PRINCIPAL**
21 **RESIDENCE.**

22 (8) If all of the following conditions are satisfied, the
23 local tax collecting unit shall revise the taxable value of
24 qualified agricultural property taxable on the tax roll in the
25 possession of that local tax collecting unit to the taxable value
26 that qualified agricultural property would have had if there had
27 been no transfer of ownership of that qualified agricultural

1 property since December 31, 1999 and there had been no adjustment
2 of that qualified agricultural property's taxable value under
3 subsection (3) since December 31, 1999:

4 (a) The qualified agricultural property was qualified
5 agricultural property for taxes levied in 1999 and each year after
6 1999.

7 (b) The owner of the qualified agricultural property files an
8 affidavit with the assessor of the local tax collecting unit under
9 subsection (7)(n).

10 (9) If the taxable value of qualified agricultural property is
11 adjusted under subsection (8), the owner of that qualified
12 agricultural property shall not be entitled to a refund for any
13 property taxes collected under this act on that qualified
14 agricultural property before the adjustment under subsection (8).

15 (10) The register of deeds of the county where deeds or other
16 title documents are recorded shall notify the assessing officer of
17 the appropriate local taxing unit not less than once each month of
18 any recorded transaction involving the ownership of property and
19 shall make any recorded deeds or other title documents available to
20 that county's tax or equalization department. Unless notification
21 is provided under subsection (6), the buyer, grantee, or other
22 transferee of the property shall notify the appropriate assessing
23 office in the local unit of government in which the property is
24 located of the transfer of ownership of the property within 45 days
25 of the transfer of ownership, on a form prescribed by the state tax
26 commission that states the parties to the transfer, the date of the
27 transfer, the actual consideration for the transfer, and the

1 property's parcel identification number or legal description. Forms
2 filed in the assessing office of a local unit of government under
3 this subsection shall be made available to the county tax or
4 equalization department for the county in which that local unit of
5 government is located. This subsection does not apply to personal
6 property except buildings described in section 14(6) and personal
7 property described in section 8(h), (i), and (j).

8 (11) As used in this section:

9 (a) "Additions" means that term as defined in section 34d.

10 (b) "Beneficial use" means the right to possession, use, and
11 enjoyment of property, limited only by encumbrances, easements, and
12 restrictions of record.

13 (c) "Converted by a change in use" means that term as defined
14 in the agricultural property recapture act, 2000 PA 261, MCL
15 211.1001 to 211.1007.

16 (d) "Inflation rate" means that term as defined in section
17 34d.

18 (e) "Losses" means that term as defined in section 34d.

19 (f) "Qualified agricultural property" means that term as
20 defined in section 7dd.

21 (g) "Qualified forest property" means that term as defined in
22 section 7jj[1].

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

25 (a) For taxes levied before 1995, "additions" means all
26 increases in value caused by new construction or a physical
27 addition of equipment or furnishings, and the value of property

1 that was exempt from taxes or not included on the assessment unit's
2 immediately preceding year's assessment roll.

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

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

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

25 (iii) New construction. As used in this subparagraph, "new
26 construction" means property not in existence on the immediately
27 preceding tax day and not replacement construction. New

1 construction includes the physical addition of equipment or
2 furnishings, subject to the provisions set forth in section
3 27(2)(a) to (o). For purposes of determining the taxable value of
4 property under section 27a, the value of new construction is the
5 true cash value of the new construction multiplied by 0.50.

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

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

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

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

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

1 construction's true cash value does not exceed the true cash value
2 of property that was damaged or destroyed by accident or act of God
3 in the immediately preceding 3 years. For purposes of determining
4 the taxable value of property under section 27a, the value of the
5 replacement construction is the true cash value of the replacement
6 construction multiplied by a fraction the numerator of which is the
7 taxable value of the property to which the construction was added
8 in the immediately preceding year and the denominator of which is
9 the true cash value of the property to which the construction was
10 added in the immediately preceding year, and then multiplied by the
11 lesser of 1.05 or the inflation rate.

12 (vi) An increase in taxable value attributable to the complete
13 or partial remediation of environmental contamination existing on
14 the immediately preceding tax day. The department of environmental
15 quality shall determine the degree of remediation based on
16 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 increase
20 in taxable value attributable to the remediation is the increase in
21 true cash value attributable to the remediation multiplied by a
22 fraction the numerator of which is the taxable value of the
23 property had it not been contaminated and the denominator of which
24 is the true cash value of the property had it not been
25 contaminated.

26 (vii) An increase in the value attributable to the property's
27 occupancy rate if either a loss, as that term is defined in this

1 section, had been previously allowed because of a decrease in the
2 property's occupancy rate or if the value of new construction was
3 reduced because of a below-market occupancy rate. For purposes of
4 determining the taxable value of property under section 27a, the
5 value of an addition for the increased occupancy rate is the
6 product of the increase in the true cash value of the property
7 attributable to the increased occupancy rate multiplied by a
8 fraction the numerator of which is the taxable value of the
9 property in the immediately preceding year and the denominator of
10 which is the true cash value of the property in the immediately
11 preceding year, and then multiplied by the lesser of 1.05 or the
12 inflation rate.

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

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

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

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

26 (iii) For the purposes of the calculation of the millage
27 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

1 taxable value of property under section 27a, the value of property
2 exempted from ad valorem taxation under this act is the amount
3 exempted.

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

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

1 decrease in true cash value attributable to the contamination
2 multiplied by a fraction the numerator of which is the taxable
3 value of the property had it not been contaminated and the
4 denominator of which is the true cash value of the property had it
5 not been contaminated.

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

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

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

10 (j) "New construction and improvements" means additions less
11 losses.

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

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

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

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

1 the county.

2 (3) On or before the first Monday in June of each year, the
3 county equalization director shall deliver the statement of the
4 computations signed by the county equalization director to the
5 county treasurer.

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

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

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

27 (7) A millage reduction fraction shall be determined for each

1 year for each local unit of government. For ad valorem property
2 taxes that became a lien before January 1, 1983, the numerator of
3 the fraction shall be the total state equalized valuation for the
4 immediately preceding year multiplied by the inflation rate and the
5 denominator of the fraction shall be the total state equalized
6 valuation for the current year minus new construction and
7 improvements. For ad valorem property taxes that become a lien
8 after December 31, 1982 and through December 31, 1994, the
9 numerator of the fraction shall be the product of the difference
10 between the total state equalized valuation for the immediately
11 preceding year minus losses multiplied by the inflation rate and
12 the denominator of the fraction shall be the total state equalized
13 valuation for the current year minus additions. For ad valorem
14 property taxes that are levied after December 31, 1994, the
15 numerator of the fraction shall be the product of the difference
16 between the total taxable value for the immediately preceding year
17 minus losses multiplied by the inflation rate and the denominator
18 of the fraction shall be the total taxable value for the current
19 year minus additions. For each year after 1993 **THROUGH 1996**, a
20 millage reduction fraction shall not exceed 1. **FOR EACH YEAR AFTER**
21 **1996, A MILLAGE REDUCTION FRACTION MAY EXCEED 1.**

22 (8) The compounded millage reduction fraction for each year
23 after 1980 shall be calculated by multiplying the local unit's
24 previous year's compounded millage reduction fraction by the
25 current year's millage reduction fraction. Beginning with 1980 tax
26 levies, the compounded millage reduction fraction for the year
27 shall be multiplied by the maximum millage rate authorized by law

1 or charter for the unit of local government for the year, except as
2 provided by subsection (9). ~~A- FOR EACH YEAR AFTER 1980 THROUGH~~
3 ~~1996, A~~ compounded millage reduction fraction shall not exceed 1.
4 ~~FOR EACH YEAR AFTER 1996, A COMPOUNDED MILLAGE REDUCTION FRACTION~~
5 ~~MAY EXCEED 1.~~

6 (9) The millage reduction shall be determined separately for
7 authorized millage approved by the voters. The limitation on
8 millage authorized by the voters on or before April 30 of a year
9 shall be calculated beginning with the millage reduction fraction
10 for that year. Millage authorized by the voters after April 30
11 shall not be subject to a millage reduction until the year
12 following the voter authorization which shall be calculated
13 beginning with the millage reduction fraction for the year
14 following the authorization. The first millage reduction fraction
15 used in calculating the limitation on millage approved by the
16 voters after January 1, 1979 shall not exceed 1. **IN 2007 AND EACH**
17 **YEAR AFTER 2007, APPLICATION OF THE MILLAGE REDUCTION FRACTION**
18 **SHALL NOT INCREASE THE MAXIMUM MILLAGE RATE PREVIOUSLY APPROVED BY**
19 **VOTER AUTHORIZATION.**

20 (10) A millage reduction fraction shall be applied separately
21 to the aggregate maximum millage rate authorized by a charter and
22 to each maximum millage rate authorized by state law for a specific
23 purpose. **IN 2007 AND EACH YEAR AFTER 2007, APPLICATION OF THE**
24 **MILLAGE REDUCTION FRACTION SHALL NOT INCREASE THE MAXIMUM MILLAGE**
25 **RATE AUTHORIZED BY CHARTER OR THE MAXIMUM MILLAGE RATE AUTHORIZED**
26 **BY STATE LAW FOR A SPECIFIC PURPOSE.**

27 (11) A unit of local government may submit to the voters for

1 their approval the levy in that year of a tax rate in excess of the
2 limit set by this section. The ballot question shall ask the voters
3 to approve the levy of a specific number of mills in excess of the
4 limit. The provisions of this section do not allow the levy of a
5 millage rate in excess of the maximum rate authorized by law or
6 charter. If the authorization to levy millage expires after 1993
7 and a local governmental unit is asking voters to renew the
8 authorization to levy the millage, the ballot question shall ask
9 for renewed authorization for the number of expiring mills as
10 ~~reduced~~ **DETERMINED** by the millage reduction required by this
11 section. If the election occurs before June 1 of a year, the
12 millage reduction is based on the immediately preceding year's
13 millage reduction applicable to that millage. If the election
14 occurs after May 31 of a year, the millage reduction shall be based
15 on that year's millage reduction applicable to that millage had it
16 not expired.

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

27 (13) If it is determined subsequent to the levy of a tax that

1 an incorrect millage reduction fraction has been applied, the
2 amount of additional tax revenue or the shortage of tax revenue
3 shall be deducted from or added to the next regular tax levy for
4 that unit of local government after the determination of the
5 authorized rate pursuant to this section.

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

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

17 (16) Beginning with taxes levied in 1994, the millage
18 reduction required by section 31 of article IX of the state
19 constitution of 1963 shall permanently reduce the maximum rate or
20 rates authorized by law or charter. The reduced maximum authorized
21 rate or rates for 1994 shall equal the product of the maximum rate
22 or rates authorized by law or charter before application of this
23 section multiplied by the compounded millage reduction applicable
24 to that millage in 1994 pursuant to subsections (8) to (12). The
25 ~~reduced~~ maximum authorized rate or rates for 1995 and each year
26 after 1995 shall equal the product of the immediately preceding
27 year's ~~reduced~~ maximum authorized rate or rates multiplied by the

1 current year's millage reduction fraction and shall be adjusted for
2 millage for which authorization has expired and new authorized
3 millage approved by the voters pursuant to subsections (8) to (12).

4 Enacting section 1. This amendatory act does not take effect
5 unless Senate Bill No. ____ or House Bill No. 4441(request no.
6 01818'07 **) of the 94th Legislature is enacted into law.