

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 810

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 9, 34d, and 78g (MCL 211.9, 211.34d, and
211.78g), section 9 as amended by 2008 PA 337, section 34d as
amended by 2007 PA 31, and section 78g as amended by 2003 PA 263,
and by adding sections 7oo and 9n.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 700. AN ELIGIBLE ENERGY CONVERSION DEVICE FOR WHICH
2 INSTALLATION IS COMPLETED AFTER THE EFFECTIVE DATE OF THE
3 AMENDATORY ACT THAT ADDED THIS SECTION AND BEFORE JANUARY 1, 2014
4 OR, IN THE CASE OF A WIND ENERGY CONVERSION DEVICE INSTALLED ON
5 REAL PROPERTY CLASSIFIED AS RESIDENTIAL REAL PROPERTY UNDER SECTION
6 34C, AFTER DECEMBER 31, 2007 AND BEFORE JANUARY 1, 2014 IS EXEMPT
7 FROM THE COLLECTION OF TAXES UNDER THIS ACT. AS USED IN THIS

1 SECTION:

2 (A) "BIOMASS" MEANS THAT TERM AS DEFINED IN SECTION 3 OF THE
3 CLEAN, RENEWABLE, AND EFFICIENT ENERGY ACT, 2008 PA 295, MCL
4 460.1003.

5 (B) "ELIGIBLE ENERGY CONVERSION DEVICE" MEANS A SMALL-SCALE
6 SOLAR, WIND, GEOTHERMAL, BIOMASS, OR WATER ENERGY CONVERSION DEVICE
7 WHICH MEETS ALL STANDARDS FOR A SOLAR, WIND, GEOTHERMAL, OR WATER
8 ENERGY CONVERSION DEVICE PRESCRIBED BY THE MICHIGAN NEXT ENERGY
9 AUTHORITY OR A SMALL-SCALE BIOMASS CONVERSION DEVICE THAT MEETS THE
10 STANDARDS SET FORTH IN CHAPTER 85 OF THE CLEAN AIR ACT, 42 USC 7401
11 TO 7671Q, AND IS CERTIFIED BY THE UNITED STATES ENVIRONMENTAL
12 PROTECTION AGENCY.

13 (C) "MICHIGAN NEXT ENERGY AUTHORITY" MEANS THE MICHIGAN NEXT
14 ENERGY AUTHORITY CREATED IN SECTION 3 OF THE MICHIGAN NEXT ENERGY
15 AUTHORITY ACT, 2002 PA 593, MCL 207.823.

16 (D) "SMALL-SCALE" MEANS HAVING A NAMEPLATE GENERATING CAPACITY
17 OF NOT MORE THAN 150 KILOWATTS.

18 (E) "SOLAR, WIND, GEOTHERMAL, BIOMASS, OR WATER ENERGY
19 CONVERSION DEVICE" MEANS A MECHANISM OR SERIES OF MECHANISMS
20 DESIGNED PRIMARILY TO COLLECT, CONVERT, TRANSFER, OR STORE FOR
21 FUTURE USE SOLAR, WIND, GEOTHERMAL, BIOMASS, OR WATER ENERGY FOR
22 THE PURPOSES OF HEATING, COOLING, OR ELECTRIC SUPPLY, BUT NOT THOSE
23 PARTS OF A HEATING, COOLING, OR ELECTRIC SUPPLY SYSTEM THAT WOULD
24 BE REQUIRED REGARDLESS OF THE ENERGY SOURCE BEING UTILIZED.
25 HOWEVER, A WATER ENERGY CONVERSION DEVICE INCLUDES ONLY THOSE
26 DEVICES THAT UTILIZE GROUNDWATER HEAT PUMPS OR LOW-HEAD HYDRO-
27 ENERGY CONVERSION SYSTEMS. LOW-HEAD HYDRO-ENERGY CONVERSION SYSTEMS

1 **DO NOT INCLUDE PUBLIC UTILITY PROPERTY.**

2 Sec. 9. (1) The following personal property, and real property
3 described in subdivision (j) (i), is exempt from taxation:

4 (a) The personal property of charitable, educational, and
5 scientific institutions incorporated under the laws of this state.
6 This exemption does not apply to secret or fraternal societies, but
7 the personal property of all charitable homes of secret or
8 fraternal societies and nonprofit corporations that own and operate
9 facilities for the aged and chronically ill in which the net income
10 from the operation of the nonprofit corporations or secret or
11 fraternal societies does not inure to the benefit of a person other
12 than the residents is exempt.

13 (b) The property of all library associations, circulating
14 libraries, libraries of reference, and reading rooms owned or
15 supported by the public and not used for gain.

16 (c) The property of posts of the grand army of the republic,
17 sons of veterans' unions, and of the women's relief corps connected
18 with them, of young men's Christian associations, women's Christian
19 temperance union associations, young people's Christian unions, a
20 boy or girl scout or camp fire girls organization, 4-H clubs, and
21 other similar associations.

22 (d) Pensions receivable from the United States.

23 (e) The property of Indians who are not citizens.

24 (f) The personal property owned and used by a householder such
25 as customary furniture, fixtures, provisions, fuel, and other
26 similar equipment, wearing apparel including personal jewelry,
27 family pictures, school books, library books of reference, and

1 allied items. Personal property is not exempt under this
2 subdivision if it is used to produce income, if it is held for
3 speculative investment, or if it constitutes an inventory of goods
4 for sale in the regular course of trade.

5 (g) Household furnishings, provisions, and fuel of not more
6 than \$5,000.00 in taxable value, of each social or professional
7 fraternity, sorority, and student cooperative house recognized by
8 the educational institution at which it is located.

9 (h) The working tools of a mechanic of not more than \$500.00
10 in taxable value. "Mechanic", as used in this subdivision, means a
11 person skilled in a trade pertaining to a craft or in the
12 construction or repair of machinery if the person's employment by
13 others is dependent on his or her furnishing the tools.

14 (i) Fire engines and other implements used in extinguishing
15 fires owned or used by an organized or independent fire company.

16 (j) Property actually used in agricultural operations and farm
17 implements held for sale or resale by retail servicing dealers for
18 use in agricultural production. As used in this subdivision,
19 "agricultural operations" means farming in all its branches,
20 including cultivation of the soil, growing and harvesting of an
21 agricultural, horticultural, or floricultural commodity, dairying,
22 raising of livestock, bees, fur-bearing animals, or poultry, turf
23 and tree farming, raising and harvesting of fish, collecting,
24 evaporating, and preparing maple syrup if the owner of the property
25 has \$25,000.00 or less in annual gross wholesale sales, and any
26 practices performed by a farmer or on a farm as an incident to, or
27 in conjunction with, farming operations, but excluding retail sales

1 and food processing operations. Property used in agricultural
2 operations includes all of the following:

3 (i) A methane digester and a methane digester electric
4 generating system if the person claiming the exemption complies
5 with all of the following:

6 (A) After the construction of the methane digester or the
7 methane digester electric generating system is completed, the
8 person claiming the exemption submits to the local tax collecting
9 unit an application for the exemption and a copy of certification
10 from the department of agriculture that it has verified that the
11 farm operation on which the methane digester or methane digester
12 electric generating system is located is in compliance with the
13 appropriate system of the Michigan agriculture environmental
14 assurance program in the year immediately preceding the year in
15 which the affidavit is submitted. Three years after an application
16 for exemption is approved and every 3 years thereafter, the person
17 claiming the exemption shall submit to the local tax collecting
18 unit an affidavit attesting that the department of agriculture has
19 verified that the farm operation on which the methane digester or
20 methane digester electric generating system is located is in
21 compliance with the appropriate system of the Michigan agriculture
22 environmental assurance program. The application for the exemption
23 under this subparagraph shall be in a form prescribed by the
24 department of treasury and shall be provided to the person claiming
25 the exemption by the local tax collecting unit.

26 (B) When the application is submitted to the local tax
27 collecting unit, the person claiming the exemption also submits

1 certification provided by the department of ~~environmental quality~~
2 **NATURAL RESOURCES AND ENVIRONMENT** that he or she is not currently
3 being investigated for a violation of part 31 of the natural
4 resources and environmental protection act, 1994 PA 451, MCL
5 324.3101 to 324.3133, that within a 3-year period immediately
6 preceding the date the application is submitted to the local tax
7 collecting unit, he or she has not been found guilty of a criminal
8 violation under part 31 of the natural resources and environmental
9 protection act, 1994 PA 451, MCL 324.3101 to 324.3133, and that
10 within a 1-year period immediately preceding the date the
11 application is submitted to the local tax collecting unit, he or
12 she has not been found responsible for a civil violation that
13 resulted in a civil fine of \$10,000.00 or more under part 31 of the
14 natural resources and environmental protection act, 1994 PA 451,
15 MCL 324.3101 to 324.3133.

16 (C) The person claiming an exemption cooperates by allowing
17 access for not more than 2 universities to collect information
18 regarding the effectiveness of the methane digester and the methane
19 digester electric generating system in generating electricity and
20 processing animal waste and production area waste. Information
21 collected under this sub-subparagraph shall not be provided to the
22 public in a manner that would identify the owner of the methane
23 digester or the methane digester electric generating system or the
24 farm operation on which the methane digester or the methane
25 digester electric generating system is located. The identity of the
26 owner of the methane digester or the methane digester electric
27 generating system and the identity of the owner and location of the

1 farm operation on which the methane digester or the methane
2 digester electric generating system is located are exempt from
3 disclosure under the freedom of information act, 1976 PA 442, MCL
4 15.231 to 15.246. As used in this sub-subparagraph, "university"
5 means a public 4-year institution of higher education created under
6 article VIII of the state constitution of 1963.

7 (D) The person claiming the exemption ensures that the methane
8 digester and methane digester electric generating system are
9 operated under the specific supervision and control of persons
10 certified by the department of agriculture as properly qualified to
11 operate the methane digester, methane digester electric generating
12 system, and related waste treatment and control facilities. The
13 department of agriculture shall consult with the department of
14 ~~environmental quality~~ **NATURAL RESOURCES AND ENVIRONMENT** and the
15 Michigan state university cooperative extension service in
16 developing the operator certification program.

17 (ii) A biomass gasification system. As used in this
18 subparagraph, "biomass gasification system" means apparatus and
19 equipment that thermally decomposes agricultural, food, or animal
20 waste at high temperatures and in an oxygen-free or a controlled
21 oxygen-restricted environment into a gaseous fuel and the equipment
22 used to generate electricity or heat from the gaseous fuel or store
23 the gaseous fuel for future generation of electricity or heat.

24 (iii) A thermal depolymerization system. As used in this
25 subparagraph, "thermal depolymerization system" means apparatus and
26 equipment that use heat to break down natural and synthetic
27 polymers and that can accept only organic waste.

1 (iv) Machinery that is capable of simultaneously harvesting
2 grain or other crops and biomass and machinery used for the purpose
3 of harvesting biomass. As used in this subparagraph, "biomass"
4 means crop residue used to produce energy or agricultural crops
5 grown specifically for the production of energy.

6 (v) Machinery used to prepare the crop for market operated
7 incidental to a farming operation that does not substantially alter
8 the form, shape, or substance of the crop and is limited to
9 cleaning, cooling, washing, pitting, grading, sizing, sorting,
10 drying, bagging, boxing, crating, and handling if not less than 33%
11 of the volume of the crops processed in the year ending on the
12 applicable tax day or in at least 3 of the immediately preceding 5
13 years were grown by the farmer in Michigan who is the owner or user
14 of the crop processing machinery.

15 (k) Personal property of not more than \$500.00 in taxable
16 value used by a householder in the operation of a business in the
17 householder's dwelling or at 1 other location in the city,
18 township, or village in which the householder resides.

19 (l) The products, materials, or goods processed or otherwise
20 and in whatever form, but expressly excepting alcoholic beverages,
21 located in a public warehouse, United States customs port of entry
22 bonded warehouse, dock, or port facility on December 31 of each
23 year, if those products, materials, or goods are designated as in
24 transit to destinations outside this state pursuant to the
25 published tariffs of a railroad or common carrier by filing the
26 freight bill covering the products, materials, or goods with the
27 agency designated by the tariffs, entitling the shipper to

1 transportation rate privileges. Products in a United States customs
2 port of entry bonded warehouse that arrived from another state or a
3 foreign country, whether awaiting shipment to another state or to a
4 final destination within this state, are considered to be in
5 transit and temporarily at rest, and not subject to the collection
6 of taxes under this act. To obtain an exemption for products,
7 materials, or goods under this subdivision, the owner shall file a
8 sworn statement with, and in the form required by, the assessing
9 officer of the tax district in which the warehouse, dock, or port
10 facility is located, at a time between the tax day, December 31,
11 and before the assessing officer closes the assessment rolls
12 describing the products, materials, or goods, and reporting their
13 cost and value as of December 31 of each year. The status of
14 persons and products, materials, or goods for which an exemption is
15 requested is determined as of December 31, which is the tax day.
16 Any property located in a public warehouse, dock, or port facility
17 on December 31 of each year that is exempt from taxation under this
18 subdivision but that is not shipped outside this state pursuant to
19 the particular tariff under which the transportation rate privilege
20 was established shall be assessed upon the immediately succeeding
21 or a subsequent assessment roll by the assessing officer and taxed
22 at the same rate of taxation as other taxable property for the year
23 or years for which the property was exempted to the owner at the
24 time of the omission unless the owner or person entitled to
25 possession of the products, materials, or goods is a resident of,
26 or authorized to do business in, this state and files with the
27 assessing officer, with whom statements of taxable property are

1 required to be filed, a statement under oath that the products,
2 materials, or goods are not for sale or use in this state and will
3 be shipped to a point or points outside this state. If a person,
4 firm, or corporation claims exemption by filing a sworn statement,
5 the person, firm, or corporation shall append to the statement of
6 taxable property required to be filed in the immediately succeeding
7 year or, if a statement of taxable property is not filed for the
8 immediately succeeding year, to a sworn statement filed on a form
9 required by the assessing officer, a complete list of the property
10 for which the exemption was claimed with a statement of the manner
11 of shipment and of the point or points to which the products,
12 materials, or goods were shipped from the public warehouse, dock,
13 or port facility. The assessing officer shall assess the products,
14 materials, or goods not shipped to a point or points outside this
15 state upon the immediately succeeding assessment roll or on a
16 subsequent assessment roll and the products, materials, or goods
17 shall be taxed at the same rate of taxation as other taxable
18 property for the year or years for which the property was exempted
19 to the owner at the time of the omission. The records, accounts,
20 and books of warehouses, docks, or port facilities, individuals,
21 partnerships, corporations, owners, or those in possession of
22 tangible personal property shall be open to and available for
23 inspection, examination, or auditing by assessing officers. A
24 warehouse, dock, port facility, individual, partnership,
25 corporation, owner, or person in possession of tangible personal
26 property shall report within 90 days after shipment of products,
27 materials, or goods in transit, for which an exemption under this

1 section was claimed or granted, the destination of shipments or
2 parts of shipments and the cost value of those shipments or parts
3 of shipments to the assessing officer. A warehouse, dock, port
4 facility, individual, partnership, corporation, or owner is subject
5 to a fine of \$100.00 for each failure to report the destination and
6 cost value of shipments or parts of shipments as required in this
7 subdivision. A person, firm, individual, partnership, corporation,
8 or owner failing to report products, materials, or goods located in
9 a warehouse, dock, or port facility to the assessing officer is
10 subject to a fine of \$100.00 and a penalty of 50% of the final
11 amount of taxes found to be assessable for the year on property not
12 reported, the assessable taxes and penalty to be spread on a
13 subsequent assessment roll in the same manner as general taxes on
14 personal property. For the purpose of this subdivision, a public
15 warehouse, dock, or port facility means a warehouse, dock, or port
16 facility owned or operated by a person, firm, or corporation
17 engaged in the business of storing products, materials, or goods
18 for hire for profit who issues a schedule of rates for storage of
19 the products, materials, or goods and who issues warehouse receipts
20 pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States
21 customs port of entry bonded warehouse means a customs warehouse
22 within a classification designated by 19 CFR 19.1 and that is
23 located in a port of entry, as defined by 19 CFR 101.1. A portion
24 of a public warehouse, United States customs port of entry bonded
25 warehouse, dock, or port facility leased to a tenant or a portion
26 of any premises owned or leased or operated by a consignor or
27 consignee or an affiliate or subsidiary of the consignor or

1 consignee is not a public warehouse, dock, or port facility.

2 (m) Personal property owned by a bank or trust company
3 organized under the laws of this state, a national banking
4 association, or an incorporated bank holding company as defined in
5 section 1841 of the bank holding company act of 1956, 12 USC 1841,
6 that controls a bank, national banking association, trust company,
7 or industrial bank subsidiary located in this state. Buildings
8 owned by a state or national bank, trust company, or incorporated
9 bank holding company and situated upon real property that the state
10 or national bank, trust company, or incorporated bank holding
11 company is not the owner of the fee are considered real property
12 and are not exempt under this section. Personal property owned by a
13 state or national bank, trust company, or incorporated bank holding
14 company that is leased, loaned, or otherwise made available to and
15 used by a private individual, association, or corporation in
16 connection with a business conducted for profit is not exempt under
17 this section.

18 (n) Farm products, processed or otherwise, the ultimate use of
19 which is for human or animal consumption as food, except wine,
20 beer, and other alcoholic beverages regularly placed in storage in
21 a public warehouse, dock, or port facility while in storage are
22 considered in transit and only temporarily at rest and are not
23 subject to the collection of taxes under this act. The assessing
24 officer is the determining authority as to what constitutes, is
25 defined as, or classified as, farm products as used in this
26 subdivision. The records, accounts, and books of warehouses, docks,
27 or port facilities, individuals, partnerships, corporations,

1 owners, or those in possession of farm products shall be open to
2 and available for inspection, examination, or auditing by assessing
3 officers.

4 (o) Sugar, in solid or liquid form, produced from sugar beets,
5 dried beet pulp, and beet molasses if owned or held by processors.

6 (p) The personal property of a parent cooperative preschool.
7 As used in this subdivision and section 7z, "parent cooperative
8 preschool" means a nonprofit, nondiscriminatory educational
9 institution maintained as a community service and administered by
10 parents of children currently enrolled in the preschool, that
11 provides an educational and developmental program for children
12 younger than compulsory school age, that provides an educational
13 program for parents, including active participation with children
14 in preschool activities, that is directed by qualified preschool
15 personnel, and that is licensed under 1973 PA 116, MCL 722.111 to
16 722.128.

17 (q) All equipment used exclusively in wood harvesting, but not
18 including portable or stationary sawmills or other equipment used
19 in secondary processing operations. As used in this subdivision,
20 "wood harvesting" means clearing land for forest management
21 purposes, planting trees, all forms of cutting or chipping trees,
22 and loading trees on trucks for removal from the harvest area.

23 (r) Liquefied petroleum gas tanks located on residential or
24 agricultural property used to store liquefied petroleum gas for
25 residential or agricultural property use.

26 (s) Water conditioning systems used for a residential
27 dwelling.

Senate Bill No. 810 (H-7) as amended December 15, 2010

1 (t) For taxes levied after December 31, 2000, aircraft
2 excepted from the registration provisions of the aeronautics code
3 of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and
4 all other aircraft operating under the provisions of a certificate
5 issued under 14 CFR part 121, and all spare parts for such
6 aircraft.

7 (2) As used in this section:

8 (a) "Biogas" means a mixture of gases composed primarily of
9 methane and carbon dioxide.

10 (b) "Methane digester" means a system designed to facilitate
11 the production, recovery, and storage of biogas from the anaerobic
12 microbial digestion of animal or food waste.

13 (c) "Methane digester electric generating system" means a
14 methane digester and the apparatus and equipment used to generate
15 electricity or heat from biogas or to store biogas for the future
16 generation of electricity or heat.

17 [SEC. 9N. FOR TAXES LEVIED AFTER DECEMBER 31, 2010, PERSONAL
18 PROPERTY USED TO CREATE RENEWABLE ENERGY FROM EITHER OF THE FOLLOWING
19 SOURCES IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT:

20 (A) WIND ENERGY.

21 (B) SOLAR AND SOLAR THERMAL ENERGY.

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

1 personal property not included in the assessment. Omitted personal
2 property shall be added to the tax roll pursuant to section 154.

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

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

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

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

26 (C) The value of property previously exempt under any other
27 section of law is the true cash value of the previously exempt

1 property multiplied by 0.50.

2 (v) Replacement construction. As used in this subparagraph,
3 "replacement construction" means construction that replaced
4 property damaged or destroyed by accident or act of God and that
5 occurred after the immediately preceding tax day to the extent the
6 construction's true cash value does not exceed the true cash value
7 of property that was damaged or destroyed by accident or act of God
8 in the immediately preceding 3 years. For purposes of determining
9 the taxable value of property under section 27a, the value of the
10 replacement construction is the true cash value of the replacement
11 construction multiplied by a fraction the numerator of which is the
12 taxable value of the property to which the construction was added
13 in the immediately preceding year and the denominator of which is
14 the true cash value of the property to which the construction was
15 added in the immediately preceding year, and then multiplied by the
16 lesser of 1.05 or the inflation rate.

17 (vi) An increase in taxable value attributable to the complete
18 or partial remediation of environmental contamination existing on
19 the immediately preceding tax day. The department of ~~environmental~~
20 ~~quality~~ **NATURAL RESOURCES AND ENVIRONMENT** shall determine the
21 degree of remediation based on information available in existing
22 department of ~~environmental~~ ~~quality~~ **NATURAL RESOURCES AND**
23 **ENVIRONMENT** records or information made available to the department
24 of ~~environmental~~ ~~quality~~ **NATURAL RESOURCES AND ENVIRONMENT** if the
25 appropriate assessing officer for a local tax collecting unit
26 requests that determination. The increase in taxable value
27 attributable to the remediation is the increase in true cash value

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

5 (vii) An increase in the value attributable to the property's
6 occupancy rate if either a loss, as that term is defined in this
7 section, had been previously allowed because of a decrease in the
8 property's occupancy rate or if the value of new construction was
9 reduced because of a below-market occupancy rate. For purposes of
10 determining the taxable value of property under section 27a, the
11 value of an addition for the increased occupancy rate is the
12 product of the increase in the true cash value of the property
13 attributable to the increased occupancy rate multiplied by a
14 fraction the numerator of which is the taxable value of the
15 property in the immediately preceding year and the denominator of
16 which is the true cash value of the property in the immediately
17 preceding year, and then multiplied by the lesser of 1.05 or the
18 inflation rate.

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

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

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

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

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

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

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

13 (f) "General price level" means the annual average of the 12
14 monthly values for the United States consumer price index for all
15 urban consumers as defined and officially reported by the United
16 States department of labor, bureau of labor statistics.

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

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

24 (i) Property that has been destroyed or removed. For purposes
25 of determining the taxable value of property under section 27a, the
26 value of property destroyed or removed is the product of the true
27 cash value of that property multiplied by a fraction the numerator

1 of which is the taxable value of that property in the immediately
2 preceding year and the denominator of which is the true cash value
3 of that property in the immediately preceding year.

4 (ii) Property that was subject to ad valorem taxation under
5 this act in the immediately preceding year that is now exempt from
6 ad valorem taxation under this act. For purposes of determining the
7 taxable value of property under section 27a, the value of property
8 exempted from ad valorem taxation under this act is the amount
9 exempted.

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

20 (iv) A decrease in taxable value attributable to environmental
21 contamination existing on the immediately preceding tax day. The
22 department of ~~environmental quality~~ **NATURAL RESOURCES AND**
23 **ENVIRONMENT** shall determine the degree to which environmental
24 contamination limits the use of property based on information
25 available in existing department of ~~environmental quality~~ **NATURAL**
26 **RESOURCES AND ENVIRONMENT** records or information made available to
27 the department of ~~environmental quality~~ **NATURAL RESOURCES AND**

1 **ENVIRONMENT** if the appropriate assessing officer for a local tax
2 collecting unit requests that determination. The department of
3 ~~environmental quality's~~ **NATURAL RESOURCES AND ENVIRONMENT'S**
4 determination of the degree to which environmental contamination
5 limits the use of property shall be based on the criteria
6 established for the categories set forth in section 20120a(1) of
7 the natural resources and environmental protection act, 1994 PA
8 451, MCL 324.20120a. The decrease in taxable value attributable to
9 the contamination is the decrease in true cash value attributable
10 to the contamination multiplied by a fraction the numerator of
11 which is the taxable value of the property had it not been
12 contaminated and the denominator of which is the true cash value of
13 the property had it not been contaminated.

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

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

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

18 (j) "New construction and improvements" means additions less
19 losses.

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

22 (l) "Inflation rate" means the ratio of the general price level
23 for the state fiscal year ending in the calendar year immediately
24 preceding the current year divided by the general price level for
25 the state fiscal year ending in the calendar year before the year
26 immediately preceding the current year.

27 (2) On or before the first Monday in May of each year, the

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

1 reduction fraction to a maximum of 1 as a new beginning fraction.
2 Upon request of the superintendent of the intermediate school
3 district, the county equalization director shall transmit the
4 complete computations of the taxable values to the superintendent
5 of the intermediate school district within that county. At the
6 request of the presidents of community colleges, the county
7 equalization director shall transmit the complete computations of
8 the taxable values to the presidents of community colleges within
9 the county.

10 (3) On or before the first Monday in June of each year, the
11 county equalization director shall deliver the statement of the
12 computations signed by the county equalization director to the
13 county treasurer.

14 (4) On or before the second Monday in June of each year, the
15 treasurer of each county shall certify the immediately preceding
16 year's taxable values, the current year's taxable values, the
17 amount of additions and losses for the current year, and the
18 current year's millage reduction fraction for each unit of local
19 government that levies a property tax in the county.

20 (5) The financial officer of each unit of local government
21 shall make the computation of the tax rate using the data certified
22 by the county treasurer and the state tax commission. At the annual
23 session in October, the county board of commissioners shall not
24 authorize the levy of a tax unless the governing body of the taxing
25 jurisdiction has certified that the requested millage has been
26 reduced, if necessary, in compliance with section 31 of article IX
27 of the state constitution of 1963.

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

8 (7) A millage reduction fraction shall be determined for each
9 year for each local unit of government. For ad valorem property
10 taxes that became a lien before January 1, 1983, the numerator of
11 the fraction shall be the total state equalized valuation for the
12 immediately preceding year multiplied by the inflation rate and the
13 denominator of the fraction shall be the total state equalized
14 valuation for the current year minus new construction and
15 improvements. For ad valorem property taxes that become a lien
16 after December 31, 1982 and through December 31, 1994, the
17 numerator of the fraction shall be the product of the difference
18 between the total state equalized valuation for the immediately
19 preceding year minus losses multiplied by the inflation rate and
20 the denominator of the fraction shall be the total state equalized
21 valuation for the current year minus additions. For ad valorem
22 property taxes that are levied after December 31, 1994, the
23 numerator of the fraction shall be the product of the difference
24 between the total taxable value for the immediately preceding year
25 minus losses multiplied by the inflation rate and the denominator
26 of the fraction shall be the total taxable value for the current
27 year minus additions. For each year after 1993, a millage reduction

1 fraction shall not exceed 1.

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

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

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

25 (11) A unit of local government may submit to the voters for
26 their approval the levy in that year of a tax rate in excess of the
27 limit set by this section. The ballot question shall ask the voters

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

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

24 (13) If it is determined subsequent to the levy of a tax that
25 an incorrect millage reduction fraction has been applied, the
26 amount of additional tax revenue or the shortage of tax revenue
27 shall be deducted from or added to the next regular tax levy for

1 that unit of local government after the determination of the
2 authorized rate pursuant to this section.

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

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

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

1 Sec. 78g. (1) Except as otherwise provided in this subsection,
2 on March 1 in each tax year, certified abandoned property and
3 property that is delinquent for taxes, interest, penalties, and
4 fees for the immediately preceding 12 months or more is forfeited
5 to the county treasurer for the total amount of those unpaid
6 delinquent taxes, interest, penalties, and fees. If property is
7 forfeited to a county treasurer under this subsection, the
8 foreclosing governmental unit does not have a right to possession
9 of the property until the April 1 immediately succeeding the entry
10 of a judgment foreclosing the property under section 78k or in a
11 contested case until 22 days after the entry of a judgment
12 foreclosing the property under section 78k. If property is
13 forfeited to a county treasurer under this subsection, the county
14 treasurer shall add a \$175.00 fee to each parcel of property for
15 which those delinquent taxes, interest, penalties, and fees remain
16 unpaid. A county treasurer shall withhold a parcel of property from
17 forfeiture for any reason determined by the state tax commission.
18 The procedure for withholding a parcel of property from forfeiture
19 under this subsection shall be determined by the state tax
20 commission.

21 (2) Not more than 45 days after property is forfeited under
22 subsection (1), the county treasurer shall record with the county
23 register of deeds a certificate in a form determined by the
24 department of treasury for each parcel of property forfeited to the
25 county treasurer, specifying that the property has been forfeited
26 to the county treasurer and not redeemed and that absolute title to
27 the property shall vest in the county treasurer on the March 31

1 immediately succeeding the entry of a judgment foreclosing the
2 property under section 78k or in a contested case 21 days after the
3 entry of a judgment foreclosing the property under section 78k. If
4 a certificate of forfeiture is recorded in error, the county
5 treasurer shall record with the county register of deeds a
6 certificate of error in a form prescribed by the department of
7 treasury. A certificate submitted to the county register of deeds
8 for recording under this subsection need not be notarized and may
9 be authenticated by a digital signature of the county treasurer or
10 by other electronic means. If the county has elected under section
11 78 to have this state foreclose property under this act forfeited
12 to the county treasurer under this section, the county treasurer
13 shall immediately transmit to the department of treasury a copy of
14 each certificate recorded under this subsection. The county
15 treasurer shall upon collection transmit to the department of
16 treasury within 30 days the fee added to each parcel under
17 subsection (1), which may be paid from the county's delinquent tax
18 revolving fund and shall be deposited in the land reutilization
19 fund created under section 78n.

20 (3) Property forfeited to the county treasurer under
21 subsection (1) may be redeemed at any time on or before the March
22 31 immediately succeeding the entry of a judgment foreclosing the
23 property under section 78k or in a contested case within 21 days of
24 the entry of a judgment foreclosing the property under section 78k
25 upon payment to the county treasurer of all of the following:

26 (a) The total amount of unpaid delinquent taxes, interest,
27 penalties, and fees for which the property was forfeited.

1 (b) In addition to the interest calculated under sections
2 60a(1) or (2) and 78a(3), additional interest computed at a
3 noncompounded rate of 1/2% per month or fraction of a month on the
4 taxes that were originally returned as delinquent, computed from
5 the March 1 preceding the forfeiture.

6 (c) All recording fees and all fees for service of process or
7 notice.

8 (4) If property is redeemed by a person with a legal interest
9 as provided under subsection (3), any unpaid taxes not returned as
10 delinquent to the county treasurer under section 78a are not
11 extinguished.

12 (5) If property is redeemed by a person with a legal interest
13 as provided under subsection (3), the person redeeming does not
14 acquire a title or interest in the property greater than that
15 person would have had if the property had not been forfeited to the
16 county treasurer, but the person redeeming, other than the owner,
17 is entitled to a lien for the amount paid to redeem the property in
18 addition to any other lien or interest the person may have, which
19 shall be recorded within 30 days with the register of deeds by the
20 person entitled to the lien. The lien acquired shall have the same
21 priority as the existing lien, title, or interest.

22 (6) If property is redeemed as provided under subsection (3),
23 the county treasurer shall issue a redemption certificate in
24 quadruplicate in a form prescribed by the department of treasury.
25 One of the quadruplicate certificates shall be delivered to the
26 person making the redemption payment, 1 shall be filed in the
27 office of the county treasurer, 1 shall be recorded in the office

1 of the county register of deeds, and 1 shall be immediately
2 transmitted to the department of treasury if this state is the
3 foreclosing governmental unit. The county treasurer shall also make
4 a note of the redemption certificate in the tax record kept in his
5 or her office, with the name of the person making the final
6 redemption payment, the date of the payment, and the amount paid.
7 If the county treasurer accepts partial redemption payments, the
8 county treasurer shall include in the tax record kept in his or her
9 office the name of the person or persons making each partial
10 redemption payment, the date of each partial redemption payment,
11 the amount of each partial redemption payment, and the total amount
12 of all redemption payments. A certificate and the entry of the
13 certificate in the tax record by the county treasurer is prima
14 facie evidence of a redemption payment in the courts of this state.
15 A certificate submitted to the county register of deeds for
16 recording under this subsection need not be notarized and may be
17 authenticated by a digital signature of the county treasurer or by
18 other electronic means. If a redemption certificate is recorded in
19 error, the county treasurer shall record with the county register
20 of deeds a certificate of error in a form prescribed by the
21 department of treasury. A copy of a certificate of error recorded
22 under this section shall be immediately transmitted to the
23 department of treasury if this state is the foreclosing
24 governmental unit.

25 (7) If a foreclosing governmental unit has reason to believe
26 that a property forfeited under this section may be the site of
27 environmental contamination, the foreclosing governmental unit

1 shall provide the department of ~~environmental quality~~ **NATURAL**
2 **RESOURCES AND ENVIRONMENT** with any information in the possession of
3 the foreclosing governmental unit that suggests the property may be
4 the site of environmental contamination.

5 Enacting section 1. The amendatory changes to section 34c of
6 the general property tax act, 1893 PA 206, MCL 211.34c, in this
7 amendatory act are retroactive and are intended to clarify and
8 express the original intent of the legislature concerning the
9 classification of property as industrial personal property and
10 shall be retroactively applied to the classification of property
11 after December 30, 2007 and to the determination of exemptions and
12 credits after December 30, 2007 for property classified as
13 industrial personal property under this act and all of the
14 following:

15 (a) The Michigan business tax act, 2007 PA 36, MCL 208.1101 to
16 208.1601.

17 (b) The revised school code, 1976 PA 451, MCL 380.1 to
18 380.1852.

19 (c) The state education tax act, 1993 PA 331, MCL 211.901 to
20 211.906.

21 (d) 1974 PA 198, MCL 207.551 to 207.572.