

SUBSTITUTE FOR
HOUSE BILL NO. 4376

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 34d (MCL 211.34d), as amended by 2005 PA 12,
and by adding section 7ll.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

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

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

27 (C) FOR COMMERCIAL RENTAL PROPERTY FOR WHICH AN EXEMPTION HAD

1 NOT BEEN CLAIMED UNDER THIS SECTION, FOR WHICH A TRANSFER OF
2 OWNERSHIP OCCURS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
3 THAT ADDED THIS SECTION, THE DECEMBER 31 IN THE YEAR IMMEDIATELY
4 SUCCEEDING THE YEAR IN WHICH THE TRANSFER OF OWNERSHIP OCCURRED. AS
5 USED IN THIS SUBDIVISION, "TRANSFER OF OWNERSHIP" MEANS THAT TERM
6 AS DEFINED IN SECTION 27A.

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

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

1 SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND ESTABLISHED IN
2 SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963. THIS
3 PENALTY MAY BE WAIVED BY THE DEPARTMENT OF TREASURY.

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

1 TAXES WERE LAST PAYABLE WITHOUT INTEREST OR PENALTY. TAXES LEVIED
2 IN A CORRECTED OR SUPPLEMENTAL TAX BILL SHALL BE RETURNED AS
3 DELINQUENT ON THE MARCH 1 IN THE YEAR IMMEDIATELY SUCCEEDING THE
4 YEAR IN WHICH THE CORRECTED OR SUPPLEMENTAL TAX BILL IS ISSUED.
5 HOWEVER, IF THE PROPERTY HAS BEEN TRANSFERRED TO A BONA FIDE
6 PURCHASER BEFORE ADDITIONAL TAXES WERE BILLED TO THE SELLER AS A
7 RESULT OF THE DENIAL OF A CLAIM FOR EXEMPTION, THE TAXES, INTEREST,
8 AND PENALTIES SHALL NOT BE A LIEN ON THE PROPERTY AND SHALL NOT BE
9 BILLED TO THE BONA FIDE PURCHASER, AND THE LOCAL TAX COLLECTING
10 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX
11 ROLL OR THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE
12 TAX ROLL SHALL NOTIFY THE DEPARTMENT OF TREASURY OF THE AMOUNT OF
13 TAX DUE, INTEREST, AND PENALTIES THROUGH THE DATE OF THAT
14 NOTIFICATION. THE DEPARTMENT OF TREASURY SHALL THEN ASSESS THE
15 OWNER WHO CLAIMED THE EXEMPTION UNDER THIS SECTION FOR THE TAX,
16 INTEREST, AND PENALTIES ACCRUING AS A RESULT OF THE DENIAL OF THE
17 CLAIM FOR EXEMPTION, IF ANY, AS FOR UNPAID TAXES PROVIDED UNDER
18 1941 PA 122, MCL 205.1 TO 205.31, AND SHALL DEPOSIT ANY TAX,
19 PENALTY, AND INTEREST COLLECTED INTO THE STATE SCHOOL AID FUND. THE
20 DENIAL SHALL BE MADE ON A FORM PRESCRIBED BY THE DEPARTMENT OF
21 TREASURY.

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

27 (8) THE DEPARTMENT OF TREASURY SHALL MAKE AVAILABLE THE

1 AFFIDAVIT FORMS AND THE FORMS TO RESCIND AN EXEMPTION, WHICH MAY BE
2 ON THE SAME FORM, TO ALL CITY AND TOWNSHIP ASSESSORS, COUNTY
3 EQUALIZATION OFFICERS, COUNTY REGISTERS OF DEEDS, AND CLOSING
4 AGENTS.

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

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

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

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

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

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

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

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

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

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

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

(A) The value of property previously exempt under section 7u

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

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

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

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

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

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

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

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

1 value of the property in the immediately preceding year and the
2 denominator of which is the true cash value of the property in the
3 immediately preceding year, and then multiplied by the lesser of
4 1.05 or the inflation rate.

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

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

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

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

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

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

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

26 (f) "General price level" means the annual average of the 12
27 monthly values for the United States consumer price index for all

1 urban consumers as defined and officially reported by the United
2 States department of labor, bureau of labor statistics.

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

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

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

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

23 (iii) ~~AN~~ PRIOR TO DECEMBER 31, 2007, AND AFTER DECEMBER 30, 2007
24 IF THE COMMERCIAL RENTAL PROPERTY SPECIFIC TAX LEVIED UNDER THE
25 COMMERCIAL RENTAL PROPERTY SPECIFIC TAX ACT IS REPEALED AS PROVIDED
26 IN SECTION 7 OF THE COMMERCIAL RENTAL PROPERTY SPECIFIC TAX ACT, AN
27 adjustment in value, if any, because of a decrease in the

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

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

1 not been contaminated.

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

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

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

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

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

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

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

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

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

1 county treasurer.

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

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

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

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

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

17 (8) The compounded millage reduction fraction for each year
18 after 1980 shall be calculated by multiplying the local unit's
19 previous year's compounded millage reduction fraction by the
20 current year's millage reduction fraction. Beginning with 1980 tax
21 levies, the compounded millage reduction fraction for the year
22 shall be multiplied by the maximum millage rate authorized by law
23 or charter for the unit of local government for the year, except as
24 provided by subsection (9). A compounded millage reduction fraction
25 shall not exceed 1.

26 (9) The millage reduction shall be determined separately for
27 authorized millage approved by the voters. The limitation on

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

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

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

1 a year, the millage reduction shall be based on that year's millage
2 reduction applicable to that millage had it not expired.

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

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

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

25 (15) The fractions calculated pursuant to this section shall
26 be rounded to 4 decimal places, except that the inflation rate
27 shall be computed by the state tax commission and shall be rounded

1 to 3 decimal places. The state tax commission shall publish the
2 inflation rate before March 1 of each year.

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

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