

HOUSE BILL NO. 4708

June 08, 2023, Introduced by Reps. Farhat, Andrews, Hood, Arbit, MacDonell, Skaggs, Haadsma, Hoskins, Wilson, Paiz, Byrnes, Morse, Brenda Carter, Tsernoglou, McFall, Steckloff, Neeley and O'Neal and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 27 and 34d (MCL 211.27 and 211.34d), as
amended by 2022 PA 240, and by adding section 7yy.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 7yy. For taxes levied after December 31, 2023, all real**
2 **and personal property constituting a qualified charging station is**
3 **exempt from the collection of taxes under this act. As used in this**
4 **section:**

1 (a) "DCFC charging station" means an electric vehicle charging
2 station that provides direct current fast charging.

3 (b) "Electric vehicle charging station" means a machine or
4 other device located within this state that is supplied with
5 electricity and that is designed or used for placing or delivering
6 electricity into the battery storage system of a motor vehicle.

7 (c) "Level 2 charging station" means an electric vehicle
8 charging station that offers charging through 240-volt electrical
9 service in residential applications or 208-volt electrical service
10 in nonresidential applications.

11 (d) "Qualified charging station" means either of the
12 following:

13 (i) A level 2 charging station.

14 (ii) A DCFC charging station.

15 Sec. 27. (1) As used in this act, "true cash value" means the
16 usual selling price at the place where the property to which the
17 term is applied is at the time of assessment, being the price that
18 could be obtained for the property at private sale, and not at
19 auction sale except as otherwise provided in this section, or at
20 forced sale. The usual selling price may include sales at public
21 auction held by a nongovernmental agency or person if those sales
22 have become a common method of acquisition in the jurisdiction for
23 the class of property being valued. The usual selling price does
24 not include sales at public auction if the sale is part of a
25 liquidation of the seller's assets in a bankruptcy proceeding or if
26 the seller is unable to use common marketing techniques to obtain
27 the usual selling price for the property. A sale or other
28 disposition by this state or an agency or political subdivision of
29 this state of land acquired for delinquent taxes or an appraisal

1 made in connection with the sale or other disposition or the value
2 attributed to the property of regulated public utilities by a
3 governmental regulatory agency for rate-making purposes is not
4 controlling evidence of true cash value for assessment purposes. In
5 determining the true cash value, the assessor shall also consider
6 the advantages and disadvantages of location; quality of soil;
7 zoning; existing use; present economic income of structures,
8 including farm structures; present economic income of land if the
9 land is being farmed or otherwise put to income producing use;
10 quantity and value of standing timber; water power and privileges;
11 minerals, quarries, or other valuable deposits not otherwise exempt
12 under this act known to be available in the land and their value.
13 In determining the true cash value of personal property owned by an
14 electric utility cooperative, the assessor shall consider the
15 number of kilowatt hours of electricity sold per mile of
16 distribution line compared to the average number of kilowatt hours
17 of electricity sold per mile of distribution line for all electric
18 utilities.

19 (2) The assessor shall not consider the increase in true cash
20 value that is a result of expenditures for normal repairs,
21 replacement, and maintenance in determining the true cash value of
22 property for assessment purposes until the property is sold. For
23 the purpose of implementing this subsection, the assessor shall not
24 increase the construction quality classification or reduce the
25 effective age for depreciation purposes, except if the appraisal of
26 the property was erroneous before nonconsideration of the normal
27 repair, replacement, or maintenance, and shall not assign an
28 economic condition factor to the property that differs from the
29 economic condition factor assigned to similar properties as defined

1 by appraisal procedures applied in the jurisdiction. The increase
2 in value attributable to the items included in subdivisions (a) to
3 (q) that is known to the assessor and excluded from true cash value
4 must be indicated on the assessment roll. This subsection applies
5 only to residential property. The following repairs are considered
6 normal maintenance if they are not part of a structural addition or
7 completion:

8 (a) Outside painting.

9 (b) Repairing or replacing siding, roof, porches, steps,
10 sidewalks, or drives.

11 (c) Repainting, repairing, or replacing existing masonry.

12 (d) Replacing awnings.

13 (e) Adding or replacing gutters and downspouts.

14 (f) Replacing storm windows or doors.

15 (g) Insulating or weatherstripping.

16 (h) Complete rewiring.

17 (i) Replacing plumbing and light fixtures.

18 (j) Replacing a furnace with a new furnace of the same type or
19 replacing an oil or gas burner.

20 (k) Repairing plaster, inside painting, or other redecorating.

21 (l) New ceiling, wall, or floor surfacing.

22 (m) Removing partitions to enlarge rooms.

23 (n) Replacing an automatic hot water heater.

24 (o) Replacing dated interior woodwork.

25 (p) Installing, replacing, or repairing an alternative energy
26 system, without regard to ownership of the system, with a
27 generating capacity of not more than 150 kilowatts, the annual
28 energy output of which does not exceed the annual energy
29 consumption measured by the utility-provided electrical meter on

1 the system to which it is connected. As used in this subdivision,
2 "alternative energy system" means that term as defined in section 2
3 of the Michigan next energy authority act, 2002 PA 593, MCL
4 207.822.

5 (q) Installing, replacing, or repairing a whole-home
6 generator.

7 (3) A city or township assessor, a county equalization
8 department, or the state tax commission before utilizing real
9 estate sales data on real property purchases, including purchases
10 by land contract, to determine assessments or in making sales ratio
11 studies to assess property or equalize assessments shall exclude
12 from the sales data the following amounts allowed by subdivisions
13 (a), (b), and (c) to the extent that the amounts are included in
14 the real property purchase price and are so identified in the real
15 estate sales data or certified to the assessor as provided in
16 subdivision (d):

17 (a) Amounts paid for obtaining financing of the purchase price
18 of the property or the last conveyance of the property.

19 (b) Amounts attributable to personal property that were
20 included in the purchase price of the property in the last
21 conveyance of the property.

22 (c) Amounts paid for surveying the property pursuant to the
23 last conveyance of the property. The legislature may require local
24 units of government, including school districts, to submit reports
25 of revenue lost under subdivisions (a) and (b) and this subdivision
26 so that the state may reimburse those units for that lost revenue.

27 (d) The purchaser of real property, including a purchaser by
28 land contract, may file with the assessor of the city or township
29 in which the property is located 2 copies of the purchase agreement

1 or of an affidavit that identifies the amount, if any, for each
2 item listed in subdivisions (a) to (c). The assessor shall forward
3 1 copy to the county equalization department. The affidavit must be
4 as prescribed by the state tax commission.

5 (4) In finalizing sales studies for property classified as
6 agricultural real property under section 34c, an assessor and
7 equalization director shall determine if an affidavit for the
8 property has been filed under section 27a(7)(o). If an affidavit
9 has not been filed, the property must be reviewed to determine if
10 classification as agricultural real property under section 34c is
11 correct or should be changed. The assessor for the local tax
12 collecting unit in which the property is located shall contact the
13 property owner to determine why the property owner did not file an
14 affidavit under section 27a(7)(o). Unless there are convincing
15 facts to the contrary, the sale of property classified as
16 agricultural real property under section 34c for which an affidavit
17 under section 27a(7)(o) has not been filed must not be included in
18 a sales study.

19 (5) As used in subsection (1), "present economic income" means
20 for leased or rented property the ordinary, general, and usual
21 economic return realized from the lease or rental of property
22 negotiated under current, contemporary conditions between parties
23 equally knowledgeable and familiar with real estate values. The
24 actual income generated by the lease or rental of property is not
25 the controlling indicator of its true cash value in all cases. This
26 subsection does not apply to property subject to a lease entered
27 into before January 1, 1984 for which the terms of the lease
28 governing the rental rate or tax liability have not been
29 renegotiated after December 31, 1983. This subsection does not

1 apply to a nonprofit housing cooperative subject to regulatory
2 agreements between the state or federal government entered into
3 before January 1, 1984. As used in this subsection, "nonprofit
4 cooperative housing corporation" means a nonprofit cooperative
5 housing corporation that is engaged in providing housing services
6 to its stockholders and members and that does not pay dividends or
7 interest upon stock or membership investment but that does
8 distribute all earnings to its stockholders or members.

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

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

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

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

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

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

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

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

1 "standard tool" means that term as defined in section 9b.

2 (9) An assessor shall not consider any increase in true cash
3 value that is a result of installing, replacing, or repairing 1 or
4 more a qualified charging stations in determining the true cash
5 value of property for assessment purposes until the property is
6 sold. An increase in value attributable to installing, replacing,
7 or repairing 1 or more a qualified charging stations that is known
8 to the assessor and excluded from true cash value must be indicated
9 on the assessment roll. As used in this subsection, "qualified
10 charging station" means that term as defined in section 7yy.

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 does
23 not increase taxable value as an addition unless the assessing
24 jurisdiction has a property record card or other documentation
25 showing that the omitted real property was not previously included
26 in the assessment. The assessing jurisdiction has the burden of
27 proof in establishing whether the omitted real property is included
28 in the assessment. Omitted real property for the current and the 2
29 immediately preceding years, discovered after the assessment roll

1 has been completed, must be added to the tax roll pursuant to the
2 procedures established in section 154. For purposes of determining
3 the taxable value of real property under section 27a, the value of
4 omitted real property is based on the value and the ratio of
5 taxable value to true cash value the omitted real property would
6 have had if the property had not been omitted.

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

11 (iii) New construction. As used in this subparagraph, "new
12 construction" means property not in existence on the immediately
13 preceding tax day and not replacement construction. New
14 construction includes the physical addition of equipment or
15 furnishings, subject to the provisions set forth in section
16 27(2) (a) to (q) **and (9)**. For purposes of determining the taxable
17 value of property under section 27a, the value of new construction
18 is the true cash value of the new construction multiplied by 0.50.

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

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

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

5 (C) The value of property previously exempt under any other
6 section of law is the true cash value of the previously exempt
7 property multiplied by 0.50.

8 (v) Replacement construction. As used in this subparagraph,
9 "replacement construction" means construction that replaced
10 property damaged or destroyed by accident or act of God and that
11 occurred after the immediately preceding tax day to the extent the
12 construction's true cash value does not exceed the true cash value
13 of property that was damaged or destroyed by accident or act of God
14 in the immediately preceding 3 years. Except as otherwise provided
15 in this subparagraph, for purposes of determining the taxable value
16 of property under section 27a, the value of the replacement
17 construction is the true cash value of the replacement construction
18 multiplied by a fraction, the numerator of which is the taxable
19 value of the property to which the construction was added in the
20 immediately preceding year and the denominator of which is the true
21 cash value of the property to which the construction was added in
22 the immediately preceding year, and then multiplied by the lesser
23 of 1.05 or the inflation rate. However, after December 31, 2011,
24 for purposes of determining the taxable value of property under
25 section 27a, if the property's replacement construction is of
26 substantially the same materials as determined by the state tax
27 commission, if the square footage is not more than 5% greater than
28 the property that was damaged or destroyed, and if the replacement
29 construction is completed not later than December 31 in the year 3

1 years after the accident or act of God occurred, the replacement
2 construction's taxable value is equal to the taxable value of the
3 property in the year immediately preceding the year in which the
4 property was damaged or destroyed, adjusted annually as provided in
5 section 27a(2). Any construction materials required to bring the
6 property into compliance with any applicable health, sanitary,
7 zoning, safety, fire, or construction codes or ordinances must be
8 considered to be substantially the same materials by the state tax
9 commission for the sake of replacement construction under this
10 section.

11 (vi) An increase in taxable value attributable to the complete
12 or partial remediation of environmental contamination existing on
13 the immediately preceding tax day. The department of environment,
14 Great Lakes, and energy shall determine the degree of remediation
15 based on information available in existing department of
16 environment, Great Lakes, and energy records or information made
17 available to the department of environment, Great Lakes, and energy
18 if the appropriate assessing officer for a local tax collecting
19 unit requests that determination. The increase in taxable value
20 attributable to the remediation is the increase in true cash value
21 attributable to the remediation multiplied by a fraction, the
22 numerator of which is the taxable value of the property had it not
23 been contaminated and the denominator of which is the true cash
24 value of the property had it not been contaminated.

25 (vii) Public services. As used in this subparagraph, "public
26 services" means water service, sewer service, a primary access
27 road, natural gas service, electrical service, telephone service,
28 sidewalks, or street lighting. For purposes of determining the
29 taxable value of real property under section 27a, the value of

1 public services is the amount of increase in true cash value of the
2 property attributable to the available public services multiplied
3 by 0.50, and must be added in the calendar year following the
4 calendar year when those public services are initially available.

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

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

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

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

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

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

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

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

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

28 (i) Property that has been destroyed or removed. For purposes
29 of determining the taxable value of property under section 27a, the

1 value of property destroyed or removed is the product of the true
2 cash value of that property multiplied by a fraction, the numerator
3 of which is the taxable value of that property in the immediately
4 preceding year and the denominator of which is the true cash value
5 of that property in the immediately preceding year.

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

12 (iii) Before December 31, 2013, an adjustment in value, if any,
13 because of a decrease in the property's occupancy rate, to the
14 extent provided by law. For purposes of determining the taxable
15 value of real property under section 27a, the value of a loss for a
16 decrease in the property's occupancy rate is the product of the
17 decrease in the true cash value of the property attributable to the
18 decreased occupancy rate multiplied by a fraction, the numerator of
19 which is the taxable value of the property in the immediately
20 preceding year and the denominator of which is the true cash value
21 of the property in the immediately preceding year.

22 (iv) A decrease in taxable value attributable to environmental
23 contamination existing on the immediately preceding tax day. The
24 department of environment, Great Lakes, and energy shall determine
25 the degree to which environmental contamination limits the use of
26 property based on information available in existing department of
27 environment, Great Lakes, and energy records or information made
28 available to the department of environment, Great Lakes, and energy
29 if the appropriate assessing officer for a local tax collecting

1 unit requests that determination. The department of environment,
2 Great Lakes, and energy's determination of the degree to which
3 environmental contamination limits the use of property must be
4 based on the criteria established for the categories set forth in
5 section 20120a(1) of the natural resources and environmental
6 protection act, 1994 PA 451, MCL 324.20120a. The decrease in
7 taxable value attributable to the contamination is the decrease in
8 true cash value attributable to the contamination multiplied by a
9 fraction, the numerator of which is the taxable value of the
10 property had it not been contaminated and the denominator of which
11 is the true cash value of the property had it not been
12 contaminated.

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

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

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

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

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

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

26 (2) On or before the first Monday in May of each year, the
27 assessing officer of each township or city shall tabulate the
28 tentative taxable value as approved by the local board of review
29 and as modified by county equalization for each classification of

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

1 request of the presidents of community colleges, the county
2 equalization director shall transmit the complete computations of
3 the taxable values to the presidents of community colleges within
4 the county.

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

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

15 (5) The financial officer of each unit of local government
16 shall make the computation of the tax rate using the data certified
17 by the county treasurer and the state tax commission. At the annual
18 session in October, or, for a county or local tax collecting unit
19 that approves under section 44a(2) the accelerated collection in a
20 summer property tax levy of a millage that had been previously
21 billed and collected as in a preceding tax year as part of the
22 winter property tax levy, before a special meeting held before the
23 annual levy on July 1, 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.

28 (6) The number of mills permitted to be levied in a tax year
29 is limited as provided in this section pursuant to section 31 of

1 article IX of the state constitution of 1963. A unit of local
2 government shall not levy a tax rate greater than the rate
3 determined by reducing its maximum rate or rates authorized by law
4 or charter by a millage reduction fraction as provided in this
5 section without voter approval.

6 (7) A millage reduction fraction must be determined for each
7 year for each local unit of government. For ad valorem property
8 taxes that became a lien before January 1, 1983, the numerator of
9 the fraction is the total state equalized valuation for the
10 immediately preceding year multiplied by the inflation rate and the
11 denominator of the fraction is the total state equalized valuation
12 for the current year minus new construction and improvements. For
13 ad valorem property taxes that become a lien after December 31,
14 1982 and through December 31, 1994, the numerator of the fraction
15 is the product of the difference between the total state equalized
16 valuation for the immediately preceding year minus losses
17 multiplied by the inflation rate and the denominator of the
18 fraction is the total state equalized valuation for the current
19 year minus additions. For ad valorem property taxes that are levied
20 after December 31, 1994, the numerator of the fraction is the
21 product of the difference between the total taxable value for the
22 immediately preceding year minus losses multiplied by the inflation
23 rate and the denominator of the fraction is the total taxable value
24 for the current year minus additions. For each year after 1993, a
25 millage reduction fraction must not exceed 1.

26 (8) The compounded millage reduction fraction must be
27 calculated by multiplying the local unit's previous year's
28 compounded millage reduction fraction by the current year's millage
29 reduction fraction. The compounded millage reduction fraction for

1 the year must be multiplied by the maximum millage rate authorized
2 by law or charter for the unit of local government for the year,
3 except as provided by subsection (9). A compounded millage
4 reduction fraction must not exceed 1.

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

16 (10) A millage reduction fraction must be applied separately
17 to the aggregate maximum millage rate authorized by a charter and
18 to each maximum millage rate authorized by state law for a specific
19 purpose.

20 (11) A unit of local government may submit to the voters for
21 their approval the levy in that year of a tax rate in excess of the
22 limit set by this section. The ballot question must ask the voters
23 to approve the levy of a specific number of mills in excess of the
24 limit. The provisions of this section do not allow the levy of a
25 millage rate in excess of the maximum rate authorized by law or
26 charter. If the authorization to levy millage expires after 1993
27 and a local governmental unit is asking voters to renew the
28 authorization to levy the millage, the ballot question must ask for
29 renewed authorization for the number of expiring mills as reduced

1 by the millage reduction required by this section. If the election
2 occurs before June 1 of a year, the millage reduction is based on
3 the immediately preceding year's millage reduction applicable to
4 that millage. If the election occurs after May 31 of a year, the
5 millage reduction must be based on that year's millage reduction
6 applicable to that millage had it not expired.

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

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

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

29 (15) The fractions calculated pursuant to this section must be

1 rounded to 4 decimal places, except that the inflation rate must be
2 computed by the state tax commission and must be rounded to 3
3 decimal places. The state tax commission shall publish the
4 inflation rate before March 1 of each year.

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