

State Tax Commission Bulletin No. 11 of 1999
Public Act 38 of 1999 Eliminates "Excess of Roll"

TO: Assessors, Equalization Directors, Treasurers
FROM: State Tax Commission(STC)

RE: **PUBLIC ACT 38 OF 1999 WHICH ELIMINATES THE SO-CALLED "EXCESS OF ROLL"**

Attached is a copy of [Public Act 38 of 1999](#) which was signed by Governor Engler on June 9, 1999 with an effective date of August 1, 1999.

This act amends section 39 of the General Property Tax Act (GPTA) by eliminating the so-called "excess of roll".

Prior to PA 38 of 1999, section 39 stated that, to avoid fractions in computation, the assessor could add 1/2 of 1% to the taxes to be raised. AS OF AUGUST 1, 1999, THIS IS NO LONGER LEGAL.

PA 38 of 1999 amends section 39. PA 38 of 1999 states that, as of August 1, 1999, to avoid fractions in computation, the assessor shall round DOWN the tax rate to 4 decimal places. This bulletin provides directives to assessors and treasurers regarding the proper interpretation of PA 38 of 1999.

1. Effective Date of PA 38 of 1999

PA 38 of 1999 takes effect on August 1, 1999. This means that the provisions of PA 38 of 1999 do not affect the 1999 Summer Bills. PA 38 of 1999 will take effect for the first time on the 1999 Winter Bills.

If there is any change in a 1999 Summer Bill, the rebilling is NOT affected by the provisions of PA 38 of 1999. An example of a change would be an assessment change as a result of an appeal to the Michigan Tax Tribunal.

2. Rounding Down to 4 Decimal Places

PA 38 of 1999 provides that "the assessor shall round DOWN the tax rate to 4 decimal places".

This means that if a millage rate contains more than 4 places to the right of the decimal, the 4th place cannot be increased under any circumstances.

Example #1: If the millage rate is 5.36727, the rounded rate is 5.3672. The assessor is NOT allowed to round the rate to 5.3673.

Example #2: If the millage rate is 5.36724, the rounded rate is 5.3672. The assessor is not allowed to levy any more than 5.3672.

3. **Rounding on STC Form L-4029 Starting with 1999 Winter Taxes**

The State Tax Commission has received several inquiries about the effect of PA 38 of 1999 on the use of STC Form L-4029 (Tax Rate Request Form). Attached is a copy of the 1999 version of STC Form [L-4029](#) along with an UPDATED [INSTRUCTION](#) PAGE. The changes in the Instruction Page are required by PA 38 of 1999 and occur in the instructions for column 7 and column 9. These updated instructions apply to the 1999 Winter Bill, not the 1999 Summer Bill. The following recommendations incorporate the changes required by P. A. 38 of 1999 starting with the 1999 Winter Taxes.

a) Column 5: In 1999, Column 5 shall contain the 1998 permanently reduced millage rate as it appeared in Column 7 of the 1998 Form L-4029, regardless of how it was rounded in 1998.

b) Column 6: Column 6 contains the 1999 Millage Reduction Fraction (MRF). PA 38 of 1999 DOES NOT affect the calculation of the MRF. Michigan Compiled Law (MCL) 211.34 d (15) directs that the MRF shall be rounded to the 4th decimal place. However, the MRF is NOT rounded DOWN in the manner described by PA 38 of 1999 for millage rates. The MRF is rounded in the conventional manner as described in paragraph "4a" on page 5 of STC Bulletin No. 7 of 1999.

c) Column 7: The millage rate calculated in **Column 7** will frequently become the actual rate levied in 1999 or it may become the rate levied in the year 2000. That being the case, the millage rate in Column 7 shall be rounded DOWN as directed by PA 38 of 1999 and as described in paragraph #2 of this bulletin.

d) Column 8: The State Tax Commission recommends that the "Truth in Assessing" or "Truth in County Equalization " Rollback Fraction found in Column 8 be rounded to the 4th decimal place in the conventional manner as described in paragraph "4a" on page 5 of [STC Bulletin No. 7 of 1999](#).

e) Column 9: If **Column 8** contains a Rollback Fraction of less than 1.0000, the millage rate found in **Column 9** will typically become the actual rate levied in 1999. That being the case, the millage rate in Column 9 shall be rounded DOWN as directed by PA 38 of 1999 and described in paragraph #2 of this bulletin.

4. **Calculating the Base Tax Rate as Required by M.C.L. 211.24e ("Truth in Taxation").**

Since there are occasions when the Base Tax Rate will become the actual rate levied in 1999, the Base Tax Rate shall be rounded DOWN as directed by PA 38 of 1999 and described in paragraph #2 of this bulletin.

5. School Taxes Levied 1/2 in the Summer and 1/2 in the Winter

PA 333 of 1982 provides for the levy of 1/2 of school district or intermediate school district taxes in the summer and 1/2 in the winter.

If, after following the rounding procedures described in paragraph 2 above, the millage rate for school taxes ends in an uneven number at the 4th decimal place, the assessor may levy different rates for the summer and winter bills, one being .0001 higher than the other. This will result in the total levy being equal to the correctly rounded total rate.

Example: If the rounded TOTAL millage rate for school taxes is 17.9875 mills, the assessor may levy 8.9937 mills in the summer and 8.9938 mills in the winter or vice versa. This results in a total levy of 17.9875 mills.

6. Taxes Shall Be Rounded Down to the Nearest 1 Cent

PA 38 of 1999 also provides that the taxes for each taxing unit shall be rounded DOWN to the nearest 1 cent. This means that if the calculated tax extends out beyond 2 decimal places, the second decimal place cannot be increased under any circumstances.

Example #1: If the calculated tax is \$500.556, the rounded tax is \$500.55. The assessor is NOT allowed to round the tax to \$500.56.

Example #2: If the calculated tax is \$500.554, the rounded tax is \$500.55. The bill cannot exceed \$500.55.