



# SENATE BILL No. 725

October 5, 2011, Introduced by Senators MOOLENAAR, PROOS, CASPERSON, NOFS, BRANDENBURG, HANSEN, WALKER, MARLEAU, EMMONS, GREEN, HUNE and SCHUITMAKER and referred to the Committee on Agriculture.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 7dd and 34c (MCL 211.7dd and 211.34c), section  
7dd as amended by 2010 PA 17 and section 34c as amended by 2006 PA  
646.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 7dd. As used in sections 7cc and 7ee:  
2       (a) "Owner" means any of the following:  
3       (i) A person who owns property or who is purchasing property  
4       under a land contract.  
5       (ii) A person who is a partial owner of property.  
6       (iii) A person who owns property as a result of being a  
7       beneficiary of a will or trust or as a result of intestate

1 succession.

2 (iv) A person who owns or is purchasing a dwelling on leased  
3 land.

4 (v) A person holding a life lease in property previously sold  
5 or transferred to another.

6 (vi) A grantor who has placed the property in a revocable trust  
7 or a qualified personal residence trust.

8 (vii) The sole present beneficiary of a trust if the trust  
9 purchased or acquired the property as a principal residence for the  
10 sole present beneficiary of the trust, and the sole present  
11 beneficiary of the trust is totally and permanently disabled. As  
12 used in this subparagraph, "totally and permanently disabled" means  
13 disability as defined in section 216 of title II of the social  
14 security act, 42 USC 416, without regard as to whether the sole  
15 present beneficiary of the trust has reached the age of retirement.

16 (viii) A cooperative housing corporation.

17 (ix) A facility registered under the living care disclosure  
18 act, 1976 PA 440, MCL 554.801 to 554.844.

19 (b) "Person", for purposes of defining owner as used in  
20 section 7cc, means an individual and for purposes of defining owner  
21 as used in section 7ee means an individual, partnership,  
22 corporation, limited liability company, association, or other legal  
23 entity.

24 (c) "Principal residence" means the 1 place where an owner of  
25 the property has his or her true, fixed, and permanent home to  
26 which, whenever absent, he or she intends to return and that shall  
27 continue as a principal residence until another principal residence

1 is established. Except as otherwise provided in this subdivision,  
2 principal residence includes only that portion of a dwelling or  
3 unit in a multiple-unit dwelling that is subject to ad valorem  
4 taxes and that is owned and occupied by an owner of the dwelling or  
5 unit. Principal residence also includes all of an owner's  
6 unoccupied property classified as residential that is adjoining or  
7 contiguous to the dwelling subject to ad valorem taxes and that is  
8 owned and occupied by the owner. Beginning December 31, 2007,  
9 principal residence also includes all of an owner's unoccupied  
10 property classified as timber-cutover real property under section  
11 34c that is adjoining or contiguous to the dwelling subject to ad  
12 valorem taxes and that is owned and occupied by the owner.  
13 Contiguity is not broken by a road, a right-of-way, or property  
14 purchased or taken under condemnation proceedings by a public  
15 utility for power transmission lines if the 2 parcels separated by  
16 the purchased or condemned property were a single parcel prior to  
17 the sale or condemnation. Except as otherwise provided in this  
18 subdivision, principal residence also includes any portion of a  
19 dwelling or unit of an owner that is rented or leased to another  
20 person as a residence as long as that portion of the dwelling or  
21 unit that is rented or leased is less than 50% of the total square  
22 footage of living space in that dwelling or unit. Principal  
23 residence also includes a life care facility registered under the  
24 living care disclosure act, 1976 PA 440, MCL 554.801 to 554.844.  
25 Principal residence also includes property owned by a cooperative  
26 housing corporation and occupied by tenant stockholders. Property  
27 that qualified as a principal residence shall continue to qualify

1 as a principal residence for 3 years after all or any portion of  
2 the dwelling or unit included in or constituting the principal  
3 residence is rented or leased to another person as a residence if  
4 all of the following conditions are satisfied:

5 (i) The owner of the dwelling or unit is absent while on active  
6 duty in the armed forces of the United States.

7 (ii) The dwelling or unit would otherwise qualify as the  
8 owner's principal residence.

9 (iii) Except as otherwise provided in this subparagraph, the  
10 owner files an affidavit with the assessor of the local tax  
11 collecting unit on or before May 1 attesting that it is his or her  
12 intent to occupy the dwelling or unit as a principal residence upon  
13 completion of active duty in the armed forces of the United States.  
14 In 2008 only, the owner may file an affidavit under this  
15 subparagraph on or before December 31. A copy of an affidavit filed  
16 under this subparagraph shall be forwarded to the department of  
17 treasury pursuant to a schedule prescribed by the department of  
18 treasury.

19 (d) "Qualified agricultural property" means unoccupied  
20 property and related buildings classified as agricultural, or other  
21 unoccupied property and related buildings located on that property  
22 devoted primarily to agricultural use as defined in section 36101  
23 of the natural resources and environmental protection act, 1994 PA  
24 451, MCL 324.36101. Related buildings include a residence occupied  
25 by a person employed in or actively involved in the agricultural  
26 use and who has not claimed a principal residence exemption on  
27 other property. **PROPERTY SHALL NOT LOSE ITS STATUS AS QUALIFIED**

Senate Bill No. 725 as amended November 30, 2011

1 AGRICULTURAL PROPERTY AS A RESULT OF AN OWNER OR LESSEE OF THAT

2 PROPERTY IMPLEMENTING A WILDLIFE RISK MITIGATION ACTION PLAN.

<<WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT  
ADDED THE IMMEDIATELY PRECEDING SENTENCE, THE DEPARTMENT OF  
TREASURY SHALL UPDATE ITS PUBLICATION ENTITLED "QUALIFIED  
AGRICULTURAL PROPERTY EXEMPTION GUIDELINES" AND SHALL POST THAT  
UPDATED PUBLICATION ON THE DEPARTMENT OF TREASURY WEBSITE.>>

3 Property used for commercial storage, commercial processing,

4 commercial distribution, commercial marketing, or commercial

5 shipping operations or other commercial or industrial purposes is

6 not qualified agricultural property. A parcel of property is

7 devoted primarily to agricultural use only if more than 50% of the

8 parcel's acreage is devoted to agricultural use. An owner shall not

9 receive an exemption for that portion of the total state equalized

10 valuation of the property that is used for a commercial or

11 industrial purpose or that is a residence that is not a related

12 building. AS USED IN THIS SUBDIVISION:

13 (i) "PROJECT" MEANS CERTAIN RISK MITIGATING MEASURES, WHICH MAY  
14 INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:

15 (A) MAKING IT DIFFICULT FOR WILDLIFE TO ACCESS FEED BY STORING  
16 LIVESTOCK FEED SECURELY, RESTRICTING WILDLIFE ACCESS TO FEEDING AND  
17 WATERING AREAS, AND DETERRING OR REDUCING WILDLIFE PRESENCE AROUND  
18 LIVESTOCK FEED BY STORING FEED IN AN ENCLOSED BARN, WRAPPING BALES  
19 OR COVERING STACKS WITH TARPS, CLOSING ENDS OF BAGS, STORING GRAINS  
20 IN ANIMAL-PROOF CONTAINERS OR BINS, MAINTAINING FENCES, PRACTICING  
21 SMALL MAMMAL AND RODENT CONTROL, OR FEEDING AWAY FROM WILDLIFE  
22 COVER.

23 (B) MINIMIZING WILDLIFE ACCESS TO LIVESTOCK FEED AND WATER BY  
24 FEEDING LIVESTOCK IN AN ENCLOSED AREA, FEEDING IN OPEN AREAS NEAR  
25 BUILDINGS AND HUMAN ACTIVITY, REMOVING EXTRA OR WASTE FEED WHEN  
26 LIVESTOCK ARE MOVED, USING HAY FEEDERS TO REDUCE WASTE, USING  
27 ARTIFICIAL WATER SYSTEMS TO HELP KEEP LIVESTOCK FROM SHARING WATER

1 SOURCES WITH WILDLIFE, FENCING OFF STAGNANT PONDS, WETLANDS, OR  
2 AREAS OF WILDLIFE HABITATS THAT POSE A DISEASE RISK, AND KEEPING  
3 MINERAL FEEDERS NEAR BUILDINGS AND HUMAN ACTIVITY OR USING DEVICES  
4 THAT RESTRICT WILDLIFE USAGE.

5 (ii) "WILDLIFE RISK MITIGATION ACTION PLAN" MEANS A WRITTEN  
6 PLAN CONSISTING OF 1 OR MORE PROJECTS TO HELP REDUCE THE RISKS OF A  
7 COMMUNICABLE DISEASE SPREADING BETWEEN WILDLIFE AND LIVESTOCK THAT  
8 IS APPROVED BY THE DEPARTMENT OF AGRICULTURE UNDER THE ANIMAL  
9 INDUSTRY ACT, 1988 PA 466, MCL 287.701 TO 287.745.

10 Sec. 34c. (1) Not later than the first Monday in March in each  
11 year, the assessor shall classify every item of assessable property  
12 according to the definitions contained in this section. Following  
13 the March board of review, the assessor shall tabulate the total  
14 number of items and the valuations as approved by the board of  
15 review for each classification and for the totals of real and  
16 personal property in the local tax collecting unit. The assessor  
17 shall transmit to the county equalization department and to the  
18 state tax commission the tabulation of assessed valuations and  
19 other statistical information the state tax commission considers  
20 necessary to meet the requirements of this act and 1911 PA 44, MCL  
21 209.1 to 209.8.

22 (2) The classifications of assessable real property are  
23 described as follows:

24 (a) Agricultural real property includes parcels used partially  
25 or wholly for agricultural operations, with or without buildings.  
26 For taxes levied after December 31, 2002, agricultural real  
27 property includes buildings on leased land used for agricultural

1 operations. PROPERTY SHALL NOT LOSE ITS CLASSIFICATION AS  
2 AGRICULTURAL REAL PROPERTY AS A RESULT OF AN OWNER OR LESSEE OF  
3 THAT PROPERTY IMPLEMENTING A WILDLIFE RISK MITIGATION ACTION PLAN.

4 As used in this subdivision: ~~"agricultural~~

5 (i) "AGRICULTURAL operations" means the following:

6 (A) ~~(i)~~ Farming in all its branches, including cultivating  
7 soil.

8 (B) ~~(ii)~~ Growing and harvesting any agricultural,  
9 horticultural, or floricultural commodity.

10 (C) ~~(iii)~~ Dairying.

11 (D) ~~(iv)~~ Raising livestock, bees, fish, fur-bearing animals, or  
12 poultry, including operating a game bird hunting preserve licensed  
13 under part 417 of the natural resources and environmental  
14 protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also  
15 including farming operations that harvest cervidae on site where  
16 not less than 60% of the cervidae were born as part of the farming  
17 operation. As used in this subparagraph, "livestock" includes, but  
18 is not limited to, cattle, sheep, new world camelids, goats, bison,  
19 privately owned cervids, ratites, swine, equine, poultry,  
20 aquaculture, and rabbits. Livestock does not include dogs and cats.

21 (E) ~~(v)~~ Raising, breeding, training, leasing, or boarding  
22 horses.

23 (F) ~~(vi)~~ Turf and tree farming.

24 (G) ~~(vii)~~ Performing any practices on a farm incident to, or in  
25 conjunction with, farming operations. A commercial storage,  
26 processing, distribution, marketing, or shipping operation is not  
27 part of agricultural operations.

1           (ii) "PROJECT" MEANS CERTAIN RISK MITIGATING MEASURES, WHICH  
2 MAY INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:

3           (A) MAKING IT DIFFICULT FOR WILDLIFE TO ACCESS FEED BY STORING  
4 LIVESTOCK FEED SECURELY, RESTRICTING WILDLIFE ACCESS TO FEEDING AND  
5 WATERING AREAS, AND DETERRING OR REDUCING WILDLIFE PRESENCE AROUND  
6 LIVESTOCK FEED BY STORING FEED IN AN ENCLOSED BARN, WRAPPING BALES  
7 OR COVERING STACKS WITH TARPS, CLOSING ENDS OF BAGS, STORING GRAINS  
8 IN ANIMAL-PROOF CONTAINERS OR BINS, MAINTAINING FENCES, PRACTICING  
9 SMALL MAMMAL AND RODENT CONTROL, OR FEEDING AWAY FROM WILDLIFE  
10 COVER.

11           (B) MINIMIZING WILDLIFE ACCESS TO LIVESTOCK FEED AND WATER BY  
12 FEEDING LIVESTOCK IN AN ENCLOSED AREA, FEEDING IN OPEN AREAS NEAR  
13 BUILDINGS AND HUMAN ACTIVITY, REMOVING EXTRA OR WASTE FEED WHEN  
14 LIVESTOCK ARE MOVED, USING HAY FEEDERS TO REDUCE WASTE, USING  
15 ARTIFICIAL WATER SYSTEMS TO HELP KEEP LIVESTOCK FROM SHARING WATER  
16 SOURCES WITH WILDLIFE, FENCING OFF STAGNANT PONDS, WETLANDS, OR  
17 AREAS OF WILDLIFE HABITATS THAT POSE A DISEASE RISK, AND KEEPING  
18 MINERAL FEEDERS NEAR BUILDINGS AND HUMAN ACTIVITY OR USING DEVICES  
19 THAT RESTRICT WILDLIFE USAGE.

20           (iii) "WILDLIFE RISK MITIGATION ACTION PLAN" MEANS A WRITTEN  
21 PLAN CONSISTING OF 1 OR MORE PROJECTS TO HELP REDUCE THE RISKS OF A  
22 COMMUNICABLE DISEASE SPREADING BETWEEN WILDLIFE AND LIVESTOCK THAT  
23 IS APPROVED BY THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT  
24 UNDER THE ANIMAL INDUSTRY ACT, 1988 PA 466, MCL 287.701 TO 287.745.

25           (b) Commercial real property includes the following:

26           (i) Platted or unplatted parcels used for commercial purposes,  
27 whether wholesale, retail, or service, with or without buildings.



1           (ii) Parcels used by fraternal societies.

2           (iii) Parcels used as golf courses, boat clubs, ski areas, or  
3 apartment buildings with more than 4 units.

4           (iv) For taxes levied after December 31, 2002, buildings on  
5 leased land used for commercial purposes.

6           (c) Developmental real property includes parcels containing  
7 more than 5 acres without buildings, or more than 15 acres with a  
8 market value in excess of its value in use. Developmental real  
9 property may include farm land or open space land adjacent to a  
10 population center, or farm land subject to several competing  
11 valuation influences.

12          (d) Industrial real property includes the following:

13          (i) Platted or unplatted parcels used for manufacturing and  
14 processing purposes, with or without buildings.

15          (ii) Parcels used for utilities sites for generating plants,  
16 pumping stations, switches, substations, compressing stations,  
17 warehouses, rights-of-way, flowage land, and storage areas.

18          (iii) Parcels used for removal or processing of gravel, stone,  
19 or mineral ores, whether valued by the local assessor or by the  
20 state geologist.

21          (iv) For taxes levied after December 31, 2002, buildings on  
22 leased land used for industrial purposes.

23          (v) For taxes levied after December 31, 2002, buildings on  
24 leased land for utility purposes.

25          (e) Residential real property includes the following:

26          (i) Platted or unplatted parcels, with or without buildings,  
27 and condominium apartments located within or outside a village or

1 city, which are used for, or probably will be used for, residential  
2 purposes.

3 (ii) Parcels that are used for, or probably will be used for,  
4 recreational purposes, such as lake lots and hunting lands, located  
5 in an area used predominantly for recreational purposes.

6 (iii) For taxes levied after December 31, 2002, a home, cottage,  
7 or cabin on leased land, and a mobile home that would be assessable  
8 as real property under section 2a except that the land on which it  
9 is located is not assessable because the land is exempt.

10 (f) Timber-cutover real property includes parcels that are  
11 stocked with forest products of merchantable type and size, cutover  
12 forest land with little or no merchantable products, and marsh  
13 lands or other barren land. However, when a typical purchase of  
14 this type of land is for residential or recreational uses, the  
15 classification shall be changed to residential.

16 (3) The classifications of assessable personal property are  
17 described as follows:

18 (a) Agricultural personal property includes any agricultural  
19 equipment and produce not exempt by law.

20 (b) Commercial personal property includes the following:

21 (i) All equipment, furniture, and fixtures on commercial  
22 parcels, and inventories not exempt by law.

23 (ii) All outdoor advertising signs and billboards.

24 (iii) Well drilling rigs and other equipment attached to a  
25 transporting vehicle but not designed for operation while the  
26 vehicle is moving on the highway.

27 (iv) Unlicensed commercial vehicles or commercial vehicles

1 licensed as special mobile equipment or by temporary permits.

2 (c) Industrial personal property includes the following:

3 (i) All machinery and equipment, furniture and fixtures, and  
4 dies on industrial parcels, and inventories not exempt by law.

5 (ii) Personal property of mining companies valued by the state  
6 geologist.

7 (d) For taxes levied before January 1, 2003, residential  
8 personal property includes a home, cottage, or cabin on leased  
9 land, and a mobile home that would be assessable as real property  
10 under section 2a except that the land on which it is located is not  
11 assessable because the land is exempt.

12 (e) Utility personal property includes the following:

13 (i) Electric transmission and distribution systems, substation  
14 equipment, spare parts, gas distribution systems, and water  
15 transmission and distribution systems.

16 (ii) Oil wells and allied equipment such as tanks, gathering  
17 lines, field pump units, and buildings.

18 (iii) Inventories not exempt by law.

19 (iv) Gas wells with allied equipment and gathering lines.

20 (v) Oil or gas field equipment stored in the open or in  
21 warehouses such as drilling rigs, motors, pipes, and parts.

22 (vi) Gas storage equipment.

23 (vii) Transmission lines of gas or oil transporting companies.

24 (4) For taxes levied before January 1, 2003, buildings on  
25 leased land of any classification are improvements where the owner  
26 of the improvement is not the owner of the land or fee, the value  
27 of the land is not assessed to the owner of the building, and the

1 improvement has been assessed as personal property pursuant to  
2 section 14(6).

3 (5) If the total usage of a parcel includes more than 1  
4 classification, the assessor shall determine the classification  
5 that most significantly influences the total valuation of the  
6 parcel.

7 (6) An owner of any assessable property who disputes the  
8 classification of that parcel shall notify the assessor and may  
9 protest the assigned classification to the March board of review.  
10 An owner or assessor may appeal the decision of the March board of  
11 review by filing a petition with the state tax commission not later  
12 than June 30 in that tax year. The state tax commission shall  
13 arbitrate the petition based on the written petition and the  
14 written recommendations of the assessor and the state tax  
15 commission staff. An appeal may not be taken from the decision of  
16 the state tax commission regarding classification complaint  
17 petitions and the state tax commission's determination is final and  
18 binding for the year of the petition.

19 (7) The department of treasury may appeal the classification  
20 of any assessable property to the residential and small claims  
21 division of the Michigan tax tribunal not later than December 31 in  
22 the tax year for which the classification is appealed.

23 (8) This section shall not be construed to encourage the  
24 assessment of property at other than the uniform percentage of true  
25 cash value prescribed by this act.

26 (9) The assessor of each city or township in which is located  
27 property that is subject to payment in lieu of taxes under subpart

1 14 of part 21 of the natural resources and environmental protection  
2 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that  
3 property on an assessment roll that is separate from the assessment  
4 roll prepared under section 24. For purposes of calculating the  
5 debt limitation imposed by section 11 of article VII of the state  
6 constitution of 1963, the separate assessment roll for property  
7 that is subject to payment in lieu of taxes under subpart 14 of  
8 part 21 of the natural resources and environmental protection act,  
9 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection  
10 shall be combined with the assessment roll prepared under section  
11 24.