

HOUSE BILL No. 6315

December 3, 1998, Introduced by Rep. Whyman and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 2, 8, 14, and 34c (MCL 211.2, 211.8, 211.14,
and 211.34c), section 2 as amended by 1993 PA 313, section 8 as
amended by 1983 PA 254, and section 34c as amended by 1996 PA
476.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) For the purpose of taxation, real property
2 includes all ~~lands~~ OF THE FOLLOWING:

3 (A) ALL LAND within ~~the~~ THIS state, all buildings and fix-
4 tures on the land, and ALL appurtenances ~~thereto~~ TO THE LAND,
5 except as expressly exempted by law. ~~—, and includes all—~~

6 (B) ALL real property owned by ~~the~~ THIS state or purchased
7 or condemned for public highway purposes by any board, officer,
8 commission, or department of ~~the~~ THIS state and sold on land

1 contract, notwithstanding the fact that the deed has not been
2 executed transferring title.

3 (C) FOR TAXES LEVIED AFTER DECEMBER 31, 1998, BUILDINGS AND
4 IMPROVEMENTS LOCATED UPON LEASED REAL PROPERTY IF THE VALUE OF
5 THE BUILDINGS OR IMPROVEMENTS IS NOT OTHERWISE INCLUDED IN THE
6 ASSESSMENT OF THE REAL PROPERTY.

7 (2) The taxable status of persons and real and personal
8 property for a tax year shall be determined as of each December
9 31 of the immediately preceding year, which is considered the tax
10 day, any provisions in the charter of any city or village to the
11 contrary notwithstanding. An assessing officer is not restricted
12 to any particular period in the preparation of the assessment
13 roll but may survey, examine, or review ~~properties~~ PROPERTY at
14 any time before or after the tax day.

15 (3) Notwithstanding a provision to the contrary in any law,
16 if real property is acquired for public purposes by purchase or
17 condemnation, all general property taxes, but not penalties,
18 levied during the 12 months immediately preceding, but not
19 including, the day title passes to the public agency shall be
20 prorated in accordance with this subsection. The seller or con-
21 demnee is responsible for the portion of taxes from the levy date
22 or dates to, but not including, the day title passes and the
23 public agency is responsible for the remainder of the taxes. If
24 the date that title will pass cannot be ascertained definitely
25 and an agreement in advance to prorate taxes is desirable, an
26 estimated date for the passage of title may be agreed to. In the
27 absence of an agreement, the public agency shall compute the

1 proration of taxes as of the date title passes. The question of
2 proration of taxes shall not be considered in any condemnation
3 proceeding. As used in this paragraph "levy date" means the day
4 on which general property taxes become due and payable. In addi-
5 tion to the portion of taxes for which the public agency is
6 responsible under the provisions of this subsection, the public
7 agency is also responsible for all general property taxes levied
8 on or after the date title passes and before the property is
9 removed from the tax rolls.

10 (4) In a real estate transaction between private parties in
11 the absence of an agreement to the contrary, the seller is
12 responsible for that portion of the annual taxes levied during
13 the 12 months immediately preceding, but not including, the day
14 title passes, from the levy date or dates to, but not including,
15 the day title passes and the buyer is responsible for the remain-
16 der of the annual taxes. As used in this subsection, "levy date"
17 means the day on which a general property tax becomes due and
18 payable.

19 Sec. 8. For the purposes of taxation, personal property
20 ~~shall include~~ INCLUDES ALL OF THE FOLLOWING:

21 (a) All goods, chattels, and effects within ~~the~~ THIS
22 state.

23 (b) All goods, chattels, and effects belonging to inhab-
24 itants of this state, located without this state, except that
25 property actually and permanently invested in business in another
26 state shall not be included.

1 (c) All interests owned by individuals in ~~lands~~ REAL
2 PROPERTY, the fee ~~of~~ TITLE TO which is in this state or the
3 United States, except as otherwise provided in this act.

4 (d) ~~All~~ FOR TAXES LEVIED BEFORE JANUARY 1, 1999, buildings
5 and improvements located upon leased ~~lands~~ REAL PROPERTY,
6 except ~~where~~ IF the value of the real property is also assessed
7 to the lessee or owner of those buildings and improvements. FOR
8 TAXES LEVIED AFTER DECEMBER 31, 1998, BUILDINGS AND IMPROVEMENTS
9 LOCATED UPON LEASED REAL PROPERTY SHALL BE ASSESSED AS REAL PROP-
10 ERTY UNDER SECTION 2 TO THE OWNER OF THE BUILDINGS OR IMPROVE-
11 MENTS IN THE LOCAL TAX COLLECTING UNIT IN WHICH THE BUILDINGS OR
12 IMPROVEMENTS ARE LOCATED IF THE VALUE OF THE BUILDINGS OR
13 IMPROVEMENTS IS NOT OTHERWISE INCLUDED IN THE ASSESSMENT OF THE
14 REAL PROPERTY.

15 (e) Tombs or vaults built within any burial grounds ~~—~~ and
16 kept for hire or rent, in whole or in part, and the stock of a
17 corporation or association owning the tombs, vaults, or burial
18 grounds.

19 (f) All other personal property not enumerated in this sec-
20 tion ~~—~~ and not especially exempted by law.

21 (g) The personal property of gas and coke companies, natural
22 gas companies, electric light companies, waterworks companies,
23 hydraulic companies, and pipe line companies transporting oil or
24 gas as public or common carriers, to be assessed in the
25 ~~township, village, or city where~~ LOCAL TAX COLLECTING UNIT IN
26 WHICH the personal property is located. The mains, pipes,
27 supports, and wires of these companies, including the supports

1 and wire or other line used for communication purposes in the
2 operation of those facilities, and the rights of way and the
3 easements or other interests in ~~land~~ REAL PROPERTY by virtue of
4 which the mains, pipes, supports, and wires are erected and main-
5 tained, shall be assessed as personal property in the ~~township,~~
6 ~~village, or city~~ LOCAL TAX COLLECTING UNIT where laid, placed,
7 or located. Interests in underground rock strata used for gas
8 storage purposes, whether by lease or ownership separate from the
9 surface of real property, shall be separately valued and assessed
10 as personal property in the ~~township, village, or city~~ LOCAL
11 TAX COLLECTING UNIT in which IT IS located to the person who
12 holds the interest. ~~These interests~~ INTERESTS in ~~such~~ under-
13 ground rock strata shall be reported as personal property to the
14 ~~assessor~~ APPROPRIATE ASSESSING OFFICER for all ~~such~~ property
15 descriptions included in the storage field in the ~~township, vil-~~
16 ~~lage, or city~~ LOCAL TAX COLLECTING UNIT and a separate valuation
17 shall be assessed for each school district. The personal prop-
18 erty of street railroad, plank road, cable or electric railroad
19 or transportation companies, bridge companies, and all other com-
20 panies not required to pay a specific tax to ~~the~~ THIS state in
21 lieu of all other taxes, shall, except as ~~hereinafter~~ OTHERWISE
22 provided IN THIS SECTION, be assessed in the ~~township, village,~~
23 ~~or city where~~ LOCAL TAX COLLECTING UNIT IN WHICH the property is
24 located, used, or laid, and the track, road, or bridge of ~~such~~
25 a company ~~shall be held to be~~ IS CONSIDERED personal property.
26 None of the property assessable as personal property under this
27 subdivision shall be affected by any assessment or tax levied on

1 the ~~lands~~ REAL PROPERTY through or over which the ~~same~~
2 PERSONAL PROPERTY is laid, placed, or located, nor shall any
3 right of way, easement, or other interest in ~~land~~ REAL
4 PROPERTY, assessable as personal property under this subdivision,
5 be extinguished or otherwise affected in case the REAL property
6 subject ~~thereto shall be~~ TO ASSESSMENT IS sold in the exercise
7 of the taxing power.

8 (h) ~~During~~ FOR TAXES LEVIED BEFORE JANUARY 1, 1999, DURING
9 the tenancy of a lessee, leasehold improvements and structures
10 installed and constructed on real property by the lessee, pro-
11 vided and to the extent the improvements or structures add to the
12 ~~true cash~~ TAXABLE value of the real property notwithstanding
13 that the real property is encumbered by a lease agreement, and
14 the value added by the improvements or structures is not other-
15 wise included in the assessment of the real property or not oth-
16 erwise assessable under subdivision (j). The cost of leasehold
17 improvements and structures on real property shall not be the
18 sole indicator of value. Leasehold improvements and structures
19 assessed under this subdivision shall be assessed to the lessee.
20 FOR TAXES LEVIED AFTER DECEMBER 31, 1998, LEASEHOLD IMPROVEMENTS
21 AND STRUCTURES INSTALLED AND CONSTRUCTED ON LEASED REAL PROPERTY
22 SHALL BE ASSESSED AS REAL PROPERTY UNDER SECTION 2 TO THE OWNER
23 OF THE LEASEHOLD IMPROVEMENTS OR STRUCTURES IN THE LOCAL TAX COL-
24 LECTING UNIT IN WHICH THE LEASEHOLD IMPROVEMENTS OR STRUCTURES
25 ARE LOCATED IF THE VALUE OF THE LEASEHOLD IMPROVEMENTS OR STRUC-
26 TURES IS NOT OTHERWISE INCLUDED IN THE ASSESSMENT OF THE REAL
27 PROPERTY OR OTHERWISE ASSESSABLE UNDER SUBDIVISION (J).

1 (i) A leasehold estate received by a sublessor from which
2 the sublessor receives net rentals in excess of net rentals
3 required to be paid by the sublessor except to the extent that
4 the excess rentals are attributable to the installation and con-
5 struction of improvements and structures assessed under
6 subdivision (h) or (j) or included in the assessment of the real
7 property. For purposes of this act, a leasehold estate ~~shall~~
8 ~~be~~ IS considered to be owned by the lessee receiving ~~such~~
9 additional net rentals. A lessee in possession ~~shall be~~ IS
10 required to provide the assessor with the name and address of its
11 lessor. Taxes ~~imposed by~~ COLLECTED UNDER this act on ~~such~~
12 leasehold estates shall become a lien against the rentals paid by
13 the sublessee to the sublessor.

14 (j) To the extent not assessed as real property, a leasehold
15 estate of a lessee created by the difference between the income
16 that would be received by the lessor from the lessee on the basis
17 of the present economic income of the property as defined and
18 allowed by section 27(4), minus the actual value to the lessor
19 under the lease. This subdivision ~~shall~~ DOES not apply to
20 property ~~when~~ IF subject to a lease entered into before
21 January 1, 1984 for which the terms of the lease governing the
22 rental rate or the tax liability have not been renegotiated after
23 December 31, 1983. This subdivision ~~shall~~ DOES not apply to a
24 nonprofit housing cooperative. As used in this subdivision,
25 "nonprofit cooperative housing corporation" means a nonprofit
26 cooperative housing corporation ~~which~~ THAT is engaged in
27 providing housing services to its stockholders and members and

1 ~~which~~ THAT does not pay dividends or interest upon stock or
2 membership investment but ~~which~~ THAT does distribute all earn-
3 ings to its stockholders or members.

4 Sec. 14. (1) All goods and chattels ~~situate~~ LOCATED in
5 ~~some township~~ A LOCAL TAX COLLECTING UNIT other than ~~where~~
6 THAT IN WHICH the owner OF THE GOODS OR CHATTELS resides shall be
7 assessed in the ~~township where situate, and not elsewhere~~ LOCAL
8 TAX COLLECTING UNIT IN WHICH THE GOODS OR CHATTELS ARE LOCATED.

9 (2) All animals kept throughout the year in ~~some township~~
10 A LOCAL TAX COLLECTING UNIT other than ~~where~~ THAT IN WHICH the
11 owner OF THE ANIMALS resides shall be assessed to ~~such~~ THE
12 owner or the person in possession OF THE ANIMALS in the ~~township~~
13 ~~where~~ LOCAL TAX COLLECTING UNIT IN WHICH THE ANIMALS ARE kept.

14 (3) The tangible personal property of minors under guardian-
15 ship shall be assessed to the guardian in the ~~township where he~~
16 LOCAL TAX COLLECTING UNIT IN WHICH THE GUARDIAN resides, and the
17 personal property of any other person under guardianship shall be
18 assessed to the guardian in the ~~township where~~ LOCAL TAX COL-
19 LECTING UNIT IN WHICH the ward resides.

20 (4) ~~The tangible~~ TANGIBLE personal property belonging to
21 the ~~estates~~ ESTATE of A deceased ~~persons~~ PERSON, in the hands
22 of the executors, administrators, or trustees appointed under the
23 last will and testament of ~~such~~ THE deceased person, or by
24 ORDER OF any court of competent jurisdiction, shall be assessed
25 to ~~them~~ THE EXECUTORS, ADMINISTRATORS, OR TRUSTEES in the
26 ~~township~~ LOCAL TAX COLLECTING UNIT and in the school district
27 ~~where~~ IN WHICH the deceased ~~last dwelt~~ PERSON RESIDED, until

1 ~~they shall~~ THE EXECUTORS, ADMINISTRATORS, OR TRUSTEES give
 2 notice to the ~~supervisor or other~~ APPROPRIATE assessing officer
 3 that the estate has been distributed. ~~to the legatees or benefi-~~
 4 ~~ciaries or other persons entitled thereto.~~ If ~~such~~ THE
 5 deceased PERSON was a nonresident of ~~the~~ THIS state, ~~such~~ THE
 6 property shall be assessed in the ~~township where situated~~ LOCAL
 7 TAX COLLECTING UNIT IN WHICH IT IS LOCATED, to ~~such~~ THE execu-
 8 tors, administrators, or trustees or to the person in possession
 9 OF THE PROPERTY.

10 (5) Tangible personal property under the control of a
 11 trustee or agent, whether a corporation or a natural person, may
 12 be assessed to ~~such~~ THE trustee or agent in the ~~township where~~
 13 ~~he~~ LOCAL TAX COLLECTING UNIT IN WHICH THE TRUSTEE OR AGENT
 14 resides, except as otherwise provided. Personal property mort-
 15 gaged or pledged ~~shall be deemed~~ IS CONSIDERED the property of
 16 the person in possession ~~thereof~~ OF THAT PERSONAL PROPERTY and
 17 may be assessed to ~~him, and personal~~ THAT PERSON. PERSONAL
 18 property not otherwise taxed under this act ~~which~~ THAT is in
 19 the possession of any person, firm, or corporation using ~~same~~
 20 THAT PROPERTY in connection with a business conducted for profit
 21 ~~shall be deemed~~ IS CONSIDERED the property of ~~such~~ THAT
 22 person, FIRM, OR CORPORATION for taxation and SHALL BE assessed
 23 to ~~him accordingly~~ THAT PERSON, FIRM, OR CORPORATION.

24 (6) ~~All tangible personal property of any person situated~~
 25 ~~upon, also all buildings~~ FOR TAXES LEVIED BEFORE JANUARY 1,
 26 1999, A BUILDING situated ~~and being~~ upon ~~the lands~~ REAL
 27 PROPERTY of the United States or of this state, or upon the

1 ~~lands~~ REAL PROPERTY of any person, ~~persons,~~ firm,
2 association, or corporation ~~, where~~ IF the owner of ~~such~~
3 ~~buildings or personal property~~ THE BUILDING is not the owner of
4 the fee ~~in such lands~~ TITLE TO THAT REAL PROPERTY, and ~~where~~
5 ~~such~~ IF THE lessor or owner of ~~such buildings or property has~~
6 THE BUILDING IS not ~~bound himself~~ OBLIGATED to pay taxes on the
7 real ~~estate, shall be deemed~~ PROPERTY IS CONSIDERED personal
8 property for the purposes of taxation and assessment, and shall
9 be assessed as personal property to the owner or occupant
10 ~~thereof~~ OF THE BUILDING in the ~~city, village or township~~
11 LOCAL TAX COLLECTING UNIT in which ~~such lands are situated and~~
12 ~~such buildings shall be~~ THE REAL PROPERTY IS LOCATED. THE
13 BUILDING IS subject to sale for taxes in the same manner as pro-
14 vided for the sale of personal property. It ~~shall~~ IS not ~~be~~
15 necessary to remove ~~any such buildings~~ A BUILDING for the pur-
16 pose of sale. FOR TAXES LEVIED AFTER DECEMBER 31, 1998, BUILD-
17 INGS AND IMPROVEMENTS LOCATED UPON REAL PROPERTY OF THE UNITED
18 STATES OR OF THIS STATE, OR UPON THE REAL PROPERTY OF ANY PERSON,
19 FIRM, ASSOCIATION, OR CORPORATION IF THE OWNER OF THE BUILDING IS
20 NOT THE OWNER OF THE FEE TITLE TO THAT REAL PROPERTY IS CONSID-
21 ERED REAL PROPERTY FOR THE PURPOSES OF TAXATION AND ASSESSMENT,
22 AND SHALL BE ASSESSED AS REAL PROPERTY UNDER SECTION 2 TO THE
23 OWNER OR OCCUPANT OF THE BUILDING IN THE LOCAL TAX COLLECTING
24 UNIT IN WHICH THE BUILDINGS ARE LOCATED IF THE VALUE OF THE
25 BUILDING IS NOT OTHERWISE INCLUDED IN THE ASSESSMENT OF THE REAL
26 PROPERTY.

1 (7) Tangible personal property of nonresidents of ~~the~~ THIS
 2 state and all forest products, owned by residents or
 3 nonresidents, or estates of deceased persons, shall be assessed
 4 in the ~~township or ward where the same may be~~ LOCAL TAX COL-
 5 LECTING UNIT IN WHICH THE TANGIBLE PERSONAL PROPERTY OR FOREST
 6 PRODUCTS ARE LOCATED, to the person ~~, persons~~ or corporation
 7 ~~having~~ IN control of the premises, store, mill, dockyard,
 8 piling ground, place of storage, or warehouse where ~~such prop-~~
 9 ~~erty is situated in such township~~ THE TANGIBLE PERSONAL PROPERTY
 10 OR FOREST PRODUCTS ARE LOCATED, on December 31. ~~, except that~~
 11 ~~where such property is~~ IF TANGIBLE PERSONAL PROPERTY OR FOREST
 12 PRODUCTS ARE in transit to ~~some place~~ A LOCAL TAX COLLECTING
 13 UNIT within ~~the~~ THIS state, ~~it~~ THE TANGIBLE PERSONAL PROPERTY
 14 OR FOREST PRODUCTS shall be assessed in ~~such place, except that~~
 15 ~~where such property is~~ THAT LOCAL TAX COLLECTING UNIT. IF TANGI-
 16 BLE PERSONAL PROPERTY OR FOREST PRODUCTS ARE in transit to some
 17 place without ~~the~~ THIS state, ~~it~~ THE TANGIBLE PERSONAL PROP-
 18 ERTY OR FOREST PRODUCTS shall be assessed at the ~~place~~ LOCAL
 19 TAX COLLECTING UNIT in this state nearest to the last boom or
 20 sorting gap of the stream in or bordering on this state in which
 21 ~~said property~~ THE TANGIBLE PERSONAL PROPERTY OR FOREST PRODUCTS
 22 will naturally be last floated during ~~the~~ transit, ~~thereof,~~
 23 and ~~in case~~ IF the transit of ~~any such property~~ THE TANGIBLE
 24 PERSONAL PROPERTY OR FOREST PRODUCTS is to be other than through
 25 any watercourse in or bordering on this state, then ~~such~~ THE
 26 assessment shall be made IN THE LOCAL TAX COLLECTING UNIT at the
 27 point ~~where such property~~ AT WHICH THE TANGIBLE PERSONAL

1 PROPERTY OR FOREST PRODUCTS will naturally leave ~~the~~ THIS state
 2 in the ordinary course of ~~its~~ transit. ~~;~~ ~~and such property so~~
 3 THE TANGIBLE PERSONAL PROPERTY OR FOREST PRODUCTS in transit to
 4 any place without ~~the~~ THIS state shall be assessed to the owner
 5 or the person ~~, persons,~~ or corporation in possession or con-
 6 trol ~~thereof, and in case such~~ OF THE TANGIBLE PERSONAL PROP-
 7 ERTY OR FOREST PRODUCTS. IF THE transit OF THE TANGIBLE PERSONAL
 8 PROPERTY OR FOREST PRODUCTS will pass ~~said logs~~ through the
 9 booms or sorting gaps or into the places of storage of any person
 10 ~~, persons~~ or corporation operating upon any ~~such~~ stream, then
 11 ~~such property~~ THE TANGIBLE PERSONAL PROPERTY OR FOREST PRODUCTS
 12 may be assessed to ~~such~~ THAT person ~~, persons~~ or corporation.
 13 ~~;~~ ~~and the~~ A person ~~, persons~~ or corporation ~~so~~ assessed for
 14 any ~~such property~~ TANGIBLE PERSONAL PROPERTY OR FOREST PRODUCTS
 15 belonging to a nonresident of this state ~~shall be~~ IS entitled
 16 to recover from the owner of ~~such property~~ THE TANGIBLE PER-
 17 SONAL PROPERTY OR FOREST PRODUCTS by a suit in attachment,
 18 garnishment, or for money had and received, any amount ~~which~~
 19 THAT the person ~~, persons~~ or corporation ~~so~~ assessed ~~are~~ IS
 20 compelled to pay because of ~~such~~ THE assessment, ~~and~~ shall
 21 have a lien upon ~~said property~~ THE TANGIBLE PERSONAL PROPERTY
 22 OR FOREST PRODUCTS as a security against loss or damage because
 23 of being ~~so~~ assessed for the ~~property~~ TANGIBLE PERSONAL PROP-
 24 ERTY OR FOREST PRODUCTS of another, and may retain possession of
 25 ~~such property~~ THE TANGIBLE PERSONAL PROPERTY OR FOREST PRODUCTS
 26 until ~~such~~ THAT lien is satisfied. ~~but the~~ A person ~~,~~
 27 ~~persons~~ or corporation ~~so~~ assessed ~~shall~~ IS not ~~be~~

1 compelled to pay taxes on account of ~~such~~ THAT assessment ~~,~~
2 unless the ~~supervisor or~~ APPROPRIATE assessing officer, ~~shall~~
3 at the time of assessment, ~~serve~~ SERVES notice in writing on
4 the person ~~,~~ ~~persons~~ or corporation ~~having~~ IN control of the
5 premises, store, mill, dockyard, piling ground, place of storage,
6 or warehouse that ~~such~~ THE assessment will be made. ~~Any~~ AN
7 owner or person interested in ~~said property~~ THE TANGIBLE PER-
8 SONAL PROPERTY OR FOREST PRODUCTS may secure the release of the
9 ~~same~~ TANGIBLE PERSONAL PROPERTY OR FOREST PRODUCTS from ~~such~~
10 THAT lien by giving to the person ~~,~~ ~~persons~~ or corporation ~~so~~
11 assessed a bond in an amount double the probable tax to be
12 assessed ~~thereon~~ ON THE TANGIBLE PERSONAL PROPERTY OR FOREST
13 PRODUCTS, but not less than ~~the sum of~~ \$200.00, with 2 suffi-
14 cient sureties, conditioned for the payment of ~~such~~ THE tax by
15 ~~said~~ THE owner or person interested and the saving of the
16 person ~~,~~ ~~persons~~ or corporation assessed from payment ~~thereof~~
17 OF THE ASSESSMENT and from costs, damages, and expenses on
18 account of ~~his~~ nonpayment, which bond as to amount and suffi-
19 ciency of sureties shall be approved by the county clerk of the
20 county in which the assessment is made.

21 Sec. 34c. (1) Not later than the first Monday in March in
22 each year, the assessor shall classify every item of assessable
23 property according to the definitions contained in this section.
24 Following the March board of review, the assessor shall tabulate
25 the total number of items and the valuations as approved by the
26 board of review for each classification and for the totals of
27 real and personal property in the local tax collecting unit. The

1 assessor shall transmit to the county equalization department and
2 to the state tax commission the tabulation of assessed valuations
3 and other statistical information the state tax commission con-
4 sideres necessary to meet the requirements of this act and ~~Act~~
5 ~~No. 44 of the Public Acts of 1911, being sections 209.1 to 209.8~~
6 ~~of the Michigan Compiled Laws~~ 1911 PA 44, MCL 209.1 TO 209.8.

7 (2) The classifications of assessable real property are
8 described as follows:

9 (a) Agricultural real property includes parcels used par-
10 tially or wholly for agricultural operations, with or without
11 buildings, and parcels assessed to the department of natural
12 resources and valued by the state tax commission. As used in
13 this subdivision, "agricultural operations" means the following:

14 (i) Farming in all its branches, including cultivating
15 soil.

16 (ii) Growing and harvesting any agricultural, horticultural,
17 or floricultural commodity.

18 (iii) Dairying.

19 (iv) Raising livestock, bees, fish, fur-bearing animals, or
20 poultry.

21 (v) Turf and tree farming.

22 (vi) Performing any practices on a farm incident to, or in
23 conjunction with, farming operations. A commercial storage, pro-
24 cessing, distribution, marketing, or shipping operation is not
25 part of agricultural operations.

26 (b) Commercial real property includes the following:

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

4 (ii) Parcels used by fraternal societies.

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

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

13 (d) Industrial real property includes the following:

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

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

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

22 (e) Residential real property includes the following:

23 (i) Platted or unplatted parcels, with or without buildings,
24 and condominium apartments located within or outside a village or
25 city, which are used for, or probably will be used for, residen-
26 tial purposes.

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

4 (f) Timber-cutover real property includes parcels that are
5 stocked with forest products of merchantable type and size, cut-
6 over forest land with little or no merchantable products, and
7 marsh lands or other barren land. However, when a typical pur-
8 chase of this type of land is for residential or recreational
9 uses, the classification shall be changed to residential.

10 (3) The classifications of assessable personal property are
11 described as follows:

12 (a) Agricultural personal property includes farm buildings
13 on leased land and any agricultural equipment and produce not
14 exempt by law.

15 (b) Commercial personal property includes the following:

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

18 (ii) Outdoor advertising signs and billboards.

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

22 (iv) Unlicensed commercial vehicles or commercial vehicles
23 licensed as special mobile equipment or by temporary permits.

24 (v) Commercial buildings on leased land.

25 (c) Industrial personal property includes the following:

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

1 (ii) Industrial buildings on leased land.

2 (iii) Personal property of mining companies valued by the
3 state geologist.

4 (d) Residential personal property includes a home, cottage,
5 or cabin on leased land, and a mobile home that would be asses-
6 sable as real property under section 2a except that the land on
7 which it is located is not assessable because the land is
8 exempt.

9 (e) Utility personal property includes the following:

10 (i) Electric transmission and distribution systems, substa-
11 tion equipment, spare parts, gas distribution systems, and water
12 transmission and distribution systems.

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

15 (iii) Inventories not exempt by law.

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

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

19 (vi) Gas storage equipment.

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

22 (viii) Utility buildings on leased land.

23 (4) ~~Buildings~~ FOR TAXES LEVIED BEFORE JANUARY 1, 1999,
24 BUILDINGS on leased land of any classification are improvements
25 where the owner of the improvement is not the owner of the land
26 or fee and has not bound himself or herself to pay taxes levied
27 against the land or fee and the improvement has been assessed as

1 personal property pursuant to section 14(6). FOR TAXES LEVIED
2 AFTER DECEMBER 31, 1998, BUILDINGS LOCATED UPON LEASED LAND SHALL
3 BE ASSESSED AS REAL PROPERTY UNDER SECTION 2 AND SHALL BEAR THE
4 SAME CLASSIFICATION AS THE PARCEL UPON WHICH THE BUILDING IS
5 LOCATED.

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

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

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

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