

# SENATE BILL No. 945

February 3, 2004, Introduced by Senators McMANUS, BROWN, VAN WOERKOM,  
BIRKHOLZ, CASSIS, BARCIA, ALLEN, JELINEK and HARDIMAN and referred to the  
Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 34c (MCL 211.34c), as amended by 2002  
PA 620.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 34c. (1) Not later than the first Monday in March in  
2 each year, the assessor shall classify every item of assessable  
3 property according to the definitions contained in this section.  
4 Following the March board of review, the assessor shall tabulate  
5 the total number of items and the valuations as approved by the  
6 board of review for each classification and for the totals of  
7 real and personal property in the local tax collecting unit. The  
8 assessor shall transmit to the county equalization department and  
9 to the state tax commission the tabulation of assessed valuations  
10 and other statistical information the state tax commission

1 considers necessary to meet the requirements of this act and 1911  
2 PA 44, MCL 209.1 to 209.8.

3 (2) The classifications of assessable real property are  
4 described as follows:

5 (a) Agricultural real property includes parcels used  
6 partially or wholly for agricultural operations, with or without  
7 buildings, and parcels assessed to the department of natural  
8 resources and valued by the state tax commission. For taxes  
9 levied after December 31, 2002, agricultural real property  
10 includes buildings on leased land used for agricultural  
11 operations. As used in this subdivision, "agricultural  
12 operations" means the following:

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

14 (ii) Growing and harvesting any agricultural, horticultural,  
15 or floricultural commodity.

16 (iii) Dairying.

17 (iv) Raising livestock, bees, fish, fur-bearing animals, or  
18 poultry.

19 **(v) Raising, breeding, training, or boarding horses.**

20 **(vi) —(v)—** Turf and tree farming.

21 **(vii) —(vi)—** Performing any practices on a farm incident to,  
22 or in conjunction with, farming operations. A commercial  
23 storage, processing, distribution, marketing, or shipping  
24 operation is not part of agricultural operations.

25 (b) Commercial real property includes the following:

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

1 buildings.

2 (ii) Parcels used by fraternal societies.

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

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

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

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

26 (e) Residential real property includes the following:

27 (i) Platted or unplatted parcels, with or without buildings,

1 and condominium apartments located within or outside a village or  
2 city, which are used for, or probably will be used for,  
3 residential purposes.

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

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

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

18 (3) The classifications of assessable personal property are  
19 described as follows:

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

22 (b) Commercial personal property includes the following:

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

25 (ii) All outdoor advertising signs and billboards.

26 (iii) Well drilling rigs and other equipment attached to a  
27 transporting vehicle but not designed for operation while the

1 vehicle is moving on the highway.

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

4 (c) Industrial personal property includes the following:

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

7 (ii) Personal property of mining companies valued by the  
8 state geologist.

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

14 (e) Utility personal property includes the following:

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

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

20 (iii) Inventories not exempt by law.

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

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

24 (vi) Gas storage equipment.

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

27 (4) For taxes levied before January 1, 2003, buildings on

1 leased land of any classification are improvements where the  
2 owner of the improvement is not the owner of the land or fee, the  
3 value of the land is not assessed to the owner of the building,  
4 and the improvement has been assessed as personal property  
5 pursuant to section 14(6).

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.

26 (8) This section shall not be construed to encourage the  
27 assessment of property at other than the uniform percentage of

1 true cash value prescribed by this act.