

HOUSE BILL No. 4072

January 27, 2005, Introduced by Rep. Hildenbrand and referred to the Committee on Tax Policy.

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 each
2 year, the assessor shall classify every item of assessable property
3 according to the definitions contained in this section. Following
4 the March board of review, the assessor shall tabulate the total
5 number of items and the valuations as approved by the board of
6 review for each classification and for the totals of real and
7 personal property in the local tax collecting unit. The assessor
8 shall transmit to the county equalization department and to the
9 state tax commission the tabulation of assessed valuations and

1 other statistical information the state tax commission considers
2 necessary to meet the requirements of this act and 1911 PA 44, MCL
3 209.1 to 209.8.

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

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

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

14 (ii) Growing and harvesting any agricultural, horticultural, or
15 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, or
22 in conjunction with, farming operations. A commercial storage,
23 processing, distribution, marketing, or shipping operation is not
24 part of agricultural operations.

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.