

Act No. 376
Public Acts of 2006
Approved by the Governor
September 22, 2006
Filed with the Secretary of State
September 22, 2006
EFFECTIVE DATE: September 22, 2006

**STATE OF MICHIGAN
93RD LEGISLATURE
REGULAR SESSION OF 2006**

Introduced by Rep. Hildenbrand

ENROLLED HOUSE BILL No. 4072

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 34c (MCL 211.34c), as amended by 2006 PA 278.

The People of the State of Michigan enact:

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

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

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

- (i) Farming in all its branches, including cultivating soil.
- (ii) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
- (iii) Dairying.

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

- (v) Raising, breeding, training, leasing, or boarding horses.
- (vi) Turf and tree farming.
- (vii) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.
- (b) Commercial real property includes the following:
 - (i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
 - (ii) Parcels used by fraternal societies.
 - (iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
 - (iv) For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.
- (c) Developmental real property includes parcels containing more than 5 acres without buildings, or more than 15 acres with a market value in excess of its value in use. Developmental real property may include farm land or open space land adjacent to a population center, or farm land subject to several competing valuation influences.
- (d) Industrial real property includes the following:
 - (i) Platted or unplatted parcels used for manufacturing and processing purposes, with or without buildings.
 - (ii) Parcels used for utilities sites for generating plants, pumping stations, switches, substations, compressing stations, warehouses, rights-of-way, flowage land, and storage areas.
 - (iii) Parcels used for removal or processing of gravel, stone, or mineral ores, whether valued by the local assessor or by the state geologist.
 - (iv) For taxes levied after December 31, 2002, buildings on leased land used for industrial purposes.
 - (v) For taxes levied after December 31, 2002, buildings on leased land for utility purposes.
- (e) Residential real property includes the following:
 - (i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.
 - (ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.
 - (iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.
- (f) Timber-cutover real property includes parcels that are stocked with forest products of merchantable type and size, cutover forest land with little or no merchantable products, and marsh lands or other barren land. However, when a typical purchase of this type of land is for residential or recreational uses, the classification shall be changed to residential.
- (3) The classifications of assessable personal property are described as follows:
 - (a) Agricultural personal property includes any agricultural equipment and produce not exempt by law.
 - (b) Commercial personal property includes the following:
 - (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
 - (ii) All outdoor advertising signs and billboards.
 - (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
 - (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.
 - (c) Industrial personal property includes the following:
 - (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
 - (ii) Personal property of mining companies valued by the state geologist.
 - (d) For taxes levied before January 1, 2003, residential personal property includes a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.
 - (e) Utility personal property includes the following:
 - (i) Electric transmission and distribution systems, substation equipment, spare parts, gas distribution systems, and water transmission and distribution systems.

- (ii) Oil wells and allied equipment such as tanks, gathering lines, field pump units, and buildings.
- (iii) Inventories not exempt by law.
- (iv) Gas wells with allied equipment and gathering lines.
- (v) Oil or gas field equipment stored in the open or in warehouses such as drilling rigs, motors, pipes, and parts.
- (vi) Gas storage equipment.
- (vii) Transmission lines of gas or oil transporting companies.

(4) For taxes levied before January 1, 2003, buildings on leased land of any classification are improvements where the owner of the improvement is not the owner of the land or fee, the value of the land is not assessed to the owner of the building, and the improvement has been assessed as personal property pursuant to section 14(6).

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

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

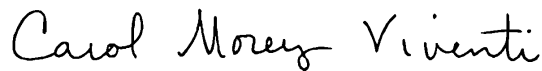
(7) The department of treasury may appeal the classification of any assessable property to the residential and small claims division of the Michigan tax tribunal not later than December 31 in the tax year for which the classification is appealed.

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

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor