

HOUSE BILL No. 6437

September 15, 2010, Introduced by Reps. Haveman, Geiss, Genetski, Agema and Amash 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 2006 PA 646.

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. **IF THE ASSESSOR CHANGES THE CLASSIFICATION OF**
4 **ASSESSABLE PROPERTY FROM THE CLASSIFICATION IN THE IMMEDIATELY**
5 **PRECEDING TAX YEAR, THAT CLASSIFICATION CHANGE SHALL BE APPLIED**
6 **PROSPECTIVELY ONLY, PRIOR TAX ROLLS SHALL NOT BE AMENDED, AND NO**
7 **AMENDED TAX BILL SHALL BE ISSUED.**

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

10 (a) Agricultural real property includes parcels used partially
11 or wholly for agricultural operations, with or without buildings.
12 For taxes levied after December 31, 2002, agricultural real
13 property includes buildings on leased land used for agricultural
14 operations. As used in this subdivision, "agricultural operations"
15 means the following:

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

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

19 (iii) Dairying.

20 (iv) Raising livestock, bees, fish, fur-bearing animals, or
21 poultry, including operating a game bird hunting preserve licensed
22 under part 417 of the natural resources and environmental
23 protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also
24 including farming operations that harvest cervidae on site where
25 not less than 60% of the cervidae were born as part of the farming
26 operation. As used in this subparagraph, "livestock" includes, but
27 is not limited to, cattle, sheep, new world camelids, goats, bison,

1 privately owned cervids, ratites, swine, equine, poultry,
2 aquaculture, and rabbits. Livestock does not include dogs and cats.

3 (v) Raising, breeding, training, leasing, or boarding horses.

4 (vi) Turf and tree farming.

5 (vii) Performing any practices on a farm incident to, or in
6 conjunction with, farming operations. A commercial storage,
7 processing, distribution, marketing, or shipping operation is not
8 part of agricultural operations.

9 (b) Commercial real property includes the following:

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

12 (ii) Parcels used by fraternal societies.

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

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

17 (c) Developmental real property includes parcels containing
18 more than 5 acres without buildings, or more than 15 acres with a
19 market value in excess of its value in use. Developmental real
20 property may include farm land or open space land adjacent to a
21 population center, or farm land subject to several competing
22 valuation influences.

23 (d) Industrial real property includes the following:

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

26 (ii) Parcels used for utilities sites for generating plants,
27 pumping stations, switches, substations, compressing stations,

1 warehouses, rights-of-way, flowage land, and storage areas.

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

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

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

9 (e) Residential real property includes the following:

10 (i) Platted or unplatted parcels, with or without buildings,
11 and condominium apartments located within or outside a village or
12 city, which are used for, or probably will be used for, residential
13 purposes.

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

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

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

27 (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

1 lines, field pump units, and buildings.

2 (iii) Inventories not exempt by law.

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

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

6 (vi) Gas storage equipment.

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

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

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

18 (6) An owner of any assessable property who disputes the
19 classification of that parcel shall notify the assessor and may
20 protest the assigned classification to the March board of review.
21 An owner or assessor may appeal the decision of the March board of
22 review by filing a petition with the state tax commission not later
23 than June 30 in that tax year. The state tax commission shall
24 arbitrate the petition based on the written petition and the
25 written recommendations of the assessor and the state tax
26 commission staff. An appeal may not be taken from the decision of
27 the state tax commission regarding classification complaint

1 petitions and the state tax commission's determination is final and
2 binding for the year of the petition.

3 (7) **THE DEPARTMENT OF TREASURY SHALL NOT CHANGE THE**
4 **CLASSIFICATION OF ANY ASSESSABLE PROPERTY.** The department of
5 treasury may appeal the classification of any assessable property
6 to the residential and small claims division of the Michigan tax
7 tribunal not later than December 31 in the tax year for which the
8 classification is appealed. **IF THE SMALL CLAIMS DIVISION OF THE**
9 **MICHIGAN TAX TRIBUNAL ENTERS AN ORDER CHANGING THE CLASSIFICATION**
10 **OF ASSESSABLE PROPERTY, THAT CLASSIFICATION CHANGE SHALL BE APPLIED**
11 **PROSPECTIVELY ONLY, TAX ROLLS FOR TAX YEARS PRIOR TO THE TAX YEAR**
12 **FOR WHICH THE CLASSIFICATION IS APPEALED SHALL NOT BE AMENDED, AND**
13 **NO AMENDED TAX BILL SHALL BE ISSUED FOR TAX YEARS PRIOR TO THE TAX**
14 **YEAR FOR WHICH THE CLASSIFICATION IS APPEALED.**

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

18 (9) The assessor of each city or township in which is located
19 property that is subject to payment in lieu of taxes under subpart
20 14 of part 21 of the natural resources and environmental protection
21 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that
22 property on an assessment roll that is separate from the assessment
23 roll prepared under section 24. For purposes of calculating the
24 debt limitation imposed by section 11 of article VII of the state
25 constitution of 1963, the separate assessment roll for property
26 that is subject to payment in lieu of taxes under subpart 14 of
27 part 21 of the natural resources and environmental protection act,

1 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection
2 shall be combined with the assessment roll prepared under section
3 24.