

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 862

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 34c (MCL 211.34c), as amended by 2011 PA 320.

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
10 other statistical information the state tax commission considers

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

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

5 (a) Agricultural real property includes parcels used partially
6 or wholly for agricultural operations, with or without buildings.
7 For taxes levied after December 31, 2002, agricultural real
8 property includes buildings on leased land used for agricultural
9 operations. IF A PARCEL OF REAL PROPERTY IS CLASSIFIED AS
10 AGRICULTURAL REAL PROPERTY AND IS ENGAGED IN AGRICULTURAL
11 OPERATIONS, ANY CONTIGUOUS PARCEL OWNED BY THE SAME TAXPAYER, THAT
12 IS A VACANT PARCEL, A WOODED PARCEL, OR A PARCEL ON WHICH IS
13 LOCATED 1 OR MORE AGRICULTURAL OUTBUILDINGS THAT COMPRISE MORE THAN
14 50% OF THE TAXABLE VALUE OF ALL BUILDINGS ON THAT PARCEL AS
15 INDICATED BY THE ASSESSMENT RECORDS FOR THE LOCAL TAX COLLECTING
16 UNIT IN WHICH THAT PARCEL IS LOCATED, SHALL BE CLASSIFIED AS
17 AGRICULTURAL REAL PROPERTY. CONTIGUITY IS NOT BROKEN BY A BOUNDARY
18 BETWEEN LOCAL TAX COLLECTING UNITS, A SECTION BOUNDARY, A ROAD, A
19 RIGHT-OF-WAY, OR PROPERTY PURCHASED OR TAKEN UNDER CONDEMNATION
20 PROCEEDINGS BY A PUBLIC UTILITY FOR POWER TRANSMISSION LINES IF THE
21 2 PARCELS SEPARATED BY THE PURCHASED OR CONDEMNED PROPERTY WERE A
22 SINGLE PARCEL PRIOR TO THE SALE OR CONDEMNATION. FOR PURPOSES OF
23 THIS SUBSECTION, CONTIGUITY REQUIRES THAT THE PARCEL CLASSIFIED AS
24 AGRICULTURAL REAL PROPERTY BY REASON OF ITS AGRICULTURE USE AND THE
25 VACANT PARCEL, WOODED PARCEL, OR PARCEL ON WHICH IS LOCATED 1 OR
26 MORE AGRICULTURAL OUTBUILDINGS MUST BE IMMEDIATELY ADJACENT TO EACH
27 OTHER, WITHOUT INTERVENING PARCELS THAT DO NOT QUALIFY FOR

1 CLASSIFICATION AS AGRICULTURAL REAL PROPERTY BASED ON THEIR ACTUAL
 2 AGRICULTURAL USE. IT IS THE INTENT OF THE LEGISLATURE THAT IF A
 3 PARCEL OF REAL PROPERTY IS CLASSIFIED AS AGRICULTURAL REAL PROPERTY
 4 AND IS ENGAGED IN AGRICULTURAL OPERATIONS, ANY CONTIGUOUS PARCEL
 5 OWNED BY THE SAME TAXPAYER, THAT IS A VACANT PARCEL, A WOODED
 6 PARCEL, OR A PARCEL ON WHICH IS LOCATED 1 OR MORE AGRICULTURAL
 7 OUTBUILDINGS THAT COMPRISE MORE THAN 50% OF THE TAXABLE VALUE OF
 8 ALL BUILDINGS ON THAT PARCEL AS INDICATED BY THE ASSESSMENT RECORDS
 9 FOR THE LOCAL TAX COLLECTING UNIT IN WHICH THAT PARCEL IS LOCATED,
 10 SHALL BE CLASSIFIED AS AGRICULTURAL REAL PROPERTY EVEN IF THE
 11 CONTIGUOUS PARCELS ARE LOCATED IN DIFFERENT LOCAL TAX COLLECTING
 12 UNITS. Property shall not lose its classification as agricultural
 13 real property as a result of an owner or lessee of that property
 14 implementing a wildlife risk mitigation action plan. As used in
 15 this subdivision:

16 (i) "AGRICULTURAL OUTBUILDING" MEANS A BUILDING OR OTHER
 17 STRUCTURE PRIMARILY USED FOR AGRICULTURAL OPERATIONS.

18 (ii) ~~(i)~~—"Agricultural operations" means the following:

19 (A) Farming in all its branches, including cultivating soil.

20 (B) Growing and harvesting any agricultural, horticultural, or
 21 floricultural commodity.

22 (C) Dairying.

23 (D) Raising livestock, bees, fish, fur-bearing animals, or
 24 poultry, including operating a game bird hunting preserve licensed
 25 under part 417 of the natural resources and environmental
 26 protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also
 27 including farming operations that harvest cervidae on site where

1 not less than 60% of the cervidae were born as part of the farming
2 operation. As used in this subparagraph, "livestock" includes, but
3 is not limited to, cattle, sheep, new world camelids, goats, bison,
4 privately owned cervids, ratites, swine, equine, poultry,
5 aquaculture, and rabbits. Livestock does not include dogs and cats.

6 (E) Raising, breeding, training, leasing, or boarding horses.

7 (F) Turf and tree farming.

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

12 (iii) ~~(ii)~~—"Project" means certain risk mitigating measures,
13 which may include, but are not limited to, the following:

14 (A) Making it difficult for wildlife to access feed by storing
15 livestock feed securely, restricting wildlife access to feeding and
16 watering areas, and deterring or reducing wildlife presence around
17 livestock feed by storing feed in an enclosed barn, wrapping bales
18 or covering stacks with tarps, closing ends of bags, storing grains
19 in animal-proof containers or bins, maintaining fences, practicing
20 small mammal and rodent control, or feeding away from wildlife
21 cover.

22 (B) Minimizing wildlife access to livestock feed and water by
23 feeding livestock in an enclosed area, feeding in open areas near
24 buildings and human activity, removing extra or waste feed when
25 livestock are moved, using hay feeders to reduce waste, using
26 artificial water systems to help keep livestock from sharing water
27 sources with wildlife, fencing off stagnant ponds, wetlands, or

1 areas of wildlife habitats that pose a disease risk, and keeping
2 mineral feeders near buildings and human activity or using devices
3 that restrict wildlife usage.

4 (iv) ~~(iii)~~—"Wildlife risk mitigation action plan" means a written
5 plan consisting of 1 or more projects to help reduce the risks of a
6 communicable disease spreading between wildlife and livestock that
7 is approved by the department of agriculture and rural development
8 under the animal industry act, 1988 PA 466, MCL 287.701 to
9 ~~287.745-287.746.~~

10 (b) Commercial real property includes the following:

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

13 (ii) Parcels used by fraternal societies.

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

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

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

24 (d) Industrial real property includes the following:

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

27 (ii) Parcels used for utilities sites for generating plants,

1 pumping stations, switches, substations, compressing stations,
2 warehouses, rights-of-way, flowage land, and storage areas.

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

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

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

10 (e) Residential real property includes the following:

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

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

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

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

1 (3) The classifications of assessable personal property are
2 described as follows:

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

5 (b) Commercial personal property includes the following:

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

8 (ii) All outdoor advertising signs and billboards.

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

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

14 (c) Industrial personal property includes the following:

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

17 (ii) Personal property of mining companies valued by the state
18 geologist.

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

24 (e) Utility personal property includes the following:

25 (i) Electric transmission and distribution systems, substation
26 equipment, spare parts, gas distribution systems, and water
27 transmission and distribution systems.

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

3 (iii) Inventories not exempt by law.

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

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

7 (vi) Gas storage equipment.

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

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

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

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

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

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

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

11 (9) The assessor of each city or township in which is located
12 property that is subject to payment in lieu of taxes under subpart
13 14 of part 21 of the natural resources and environmental protection
14 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that
15 property on an assessment roll that is separate from the assessment
16 roll prepared under section 24. For purposes of calculating the
17 debt limitation imposed by section 11 of article VII of the state
18 constitution of 1963, the separate assessment roll for property
19 that is subject to payment in lieu of taxes under subpart 14 of
20 part 21 of the natural resources and environmental protection act,
21 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection
22 shall be combined with the assessment roll prepared under section
23 24.