

# SENATE BILL No. 862

December 1, 2011, Introduced by Senators CASWELL, GREEN, EMMONS, COLBECK, PAPPAGEORGE and WALKER 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 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

1 state tax commission the tabulation of assessed valuations and  
2 other statistical information the state tax commission considers  
3 necessary to meet the requirements of this act and 1911 PA 44, MCL  
4 209.1 to 209.8.

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

7 (a) Agricultural real property includes parcels used partially  
8 or wholly for agricultural operations, with or without buildings.

9 For taxes levied after December 31, 2002, agricultural real  
10 property includes buildings on leased land used for agricultural  
11 operations. IF A PARCEL OF REAL PROPERTY IS CLASSIFIED AS  
12 AGRICULTURAL REAL PROPERTY, ANY CONTIGUOUS PARCEL OWNED BY THE SAME  
13 TAXPAYER, MORE THAN 50% OF THE ASSESSED VALUE OF WHICH IS USED IN  
14 AGRICULTURAL OPERATIONS, SHALL BE CLASSIFIED AS AGRICULTURAL REAL  
15 PROPERTY. CONTIGUITY IS NOT BROKEN BY A SECTION BOUNDARY, A ROAD, A  
16 RIGHT-OF-WAY, OR PROPERTY PURCHASED OR TAKEN UNDER CONDEMNATION  
17 PROCEEDINGS BY A PUBLIC UTILITY FOR POWER TRANSMISSION LINES IF THE  
18 2 PARCELS SEPARATED BY THE PURCHASED OR CONDEMNED PROPERTY WERE A  
19 SINGLE PARCEL PRIOR TO THE SALE OR CONDEMNATION. IT IS THE INTENT  
20 OF THE LEGISLATURE THAT IF A PARCEL OF REAL PROPERTY IS CLASSIFIED  
21 AS AGRICULTURAL REAL PROPERTY, ANY CONTIGUOUS PARCEL OWNED BY THE  
22 SAME TAXPAYER, MORE THAN 50% OF THE ASSESSED VALUE OF WHICH IS USED  
23 IN AGRICULTURAL OPERATIONS, SHALL BE CLASSIFIED AS AGRICULTURAL  
24 REAL PROPERTY EVEN IF THE CONTIGUOUS PARCELS ARE LOCATED IN  
25 DIFFERENT LOCAL TAX COLLECTING UNITS. As used in this subdivision,  
26 "agricultural operations" means the following:

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

1           (ii) Growing and harvesting any agricultural, horticultural, or  
2   floricultural commodity.

3           (iii) Dairying.

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

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

15          (vi) Turf and tree farming.

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

20          (b) Commercial real property includes the following:

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

23           (ii) Parcels used by fraternal societies.

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

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

1 (c) Developmental real property includes parcels containing  
2 more than 5 acres without buildings, or more than 15 acres with a  
3 market value in excess of its value in use. Developmental real  
4 property may include farm land or open space land adjacent to a  
5 population center, or farm land subject to several competing  
6 valuation influences.

7 (d) Industrial real property includes the following:

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

10 (ii) Parcels used for utilities sites for generating plants,  
11 pumping stations, switches, substations, compressing stations,  
12 warehouses, rights-of-way, flowage land, and storage areas.

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

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

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

20 (e) Residential real property includes the following:

21 (i) Platted or unplatted parcels, with or without buildings,  
22 and condominium apartments located within or outside a village or  
23 city, which are used for, or probably will be used for, residential  
24 purposes.

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

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

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

11           (3) The classifications of assessable personal property are  
12 described as follows:

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

15           (b) Commercial personal property includes the following:

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

18           (ii) All outdoor advertising signs and billboards.

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

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

24           (c) Industrial personal property includes the following:

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

27           (ii) Personal property of mining companies valued by the state

1 geologist.

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

7 (e) Utility personal property includes the following:

8 (i) Electric transmission and distribution systems, substation  
9 equipment, spare parts, gas distribution systems, and water  
10 transmission and distribution systems.

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

13 (iii) Inventories not exempt by law.

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

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

17 (vi) Gas storage equipment.

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

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

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

1 parcel.

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

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

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

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

1 constitution of 1963, the separate assessment roll for property  
2 that is subject to payment in lieu of taxes under subpart 14 of  
3 part 21 of the natural resources and environmental protection act,  
4 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection  
5 shall be combined with the assessment roll prepared under section  
6 24.