

# HOUSE BILL No. 6213

June 12, 2018, Introduced by Reps. Barrett, Lauwers, Victory, Vaupel, Alexander, Howell, Wentworth and Calley and referred to the Committee on Agriculture.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 7dd and 34c (MCL 211.7dd and 211.34c), section 7dd as amended by 2015 PA 107 and section 34c as amended by 2012 PA 409.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 7dd. As used in sections 7cc and 7ee:
- 2       (a) "Owner" means any of the following:
- 3       (i) A person who owns property or who is purchasing property
- 4       under a land contract.
- 5       (ii) A person who is a partial owner of property.
- 6       (iii) A person who owns property as a result of being a
- 7       beneficiary of a will or trust or as a result of intestate

1 succession.

2 (iv) A person who owns or is purchasing a dwelling on leased  
3 land.

4 (v) A person holding a life lease in property previously sold  
5 or transferred to another.

6 (vi) A grantor who has placed the property in a revocable  
7 trust or a qualified personal residence trust.

8 (vii) The sole present beneficiary of a trust if the trust  
9 purchased or acquired the property as a principal residence for the  
10 sole present beneficiary of the trust, and the sole present  
11 beneficiary of the trust is totally and permanently disabled. As  
12 used in this subparagraph, "totally and permanently disabled" means  
13 disability as defined in section 216 of title II of the social  
14 security act, 42 USC 416, without regard as to whether the sole  
15 present beneficiary of the trust has reached the age of retirement.

16 (viii) A cooperative housing corporation.

17 (ix) A facility as defined by former 1976 PA 440 and  
18 registered under the continuing care community disclosure act, 2014  
19 PA 448, MCL 554.901 to 554.993.

20 (b) "Person", for purposes of defining owner as used in  
21 section 7cc, means an individual and for purposes of defining owner  
22 as used in section 7ee means an individual, partnership,  
23 corporation, limited liability company, association, or other legal  
24 entity.

25 (c) "Principal residence" means the 1 place where an owner of  
26 the property has his or her true, fixed, and permanent home to  
27 which, whenever absent, he or she intends to return and that shall

1 continue as a principal residence until another principal residence  
2 is established. Except as otherwise provided in this subdivision,  
3 principal residence includes only that portion of a dwelling or  
4 unit in a multiple-unit dwelling that is subject to ad valorem  
5 taxes and that is owned and occupied by an owner of the dwelling or  
6 unit. Principal residence also includes all of an owner's  
7 unoccupied property classified as residential that is adjoining or  
8 contiguous to the dwelling subject to ad valorem taxes and that is  
9 owned and occupied by the owner. Beginning December 31, 2007,  
10 principal residence also includes all of an owner's unoccupied  
11 property classified as timber-cutover real property under section  
12 34c that is adjoining or contiguous to the dwelling subject to ad  
13 valorem taxes and that is owned and occupied by the owner.  
14 Contiguity is not broken by boundary between local tax collecting  
15 units, a road, a right-of-way, or property purchased or taken under  
16 condemnation proceedings by a public utility for power transmission  
17 lines if the 2 parcels separated by the purchased or condemned  
18 property were a single parcel prior to the sale or condemnation.  
19 Except as otherwise provided in this subdivision, principal  
20 residence also includes any portion of a dwelling or unit of an  
21 owner that is rented or leased to another person as a residence as  
22 long as that portion of the dwelling or unit that is rented or  
23 leased is less than 50% of the total square footage of living space  
24 in that dwelling or unit. Principal residence also includes a life  
25 care facility for purposes of former 1976 PA 440 that is registered  
26 under the continuing care community disclosure act, 2014 PA 448,  
27 MCL 554.901 to 554.993. Principal residence also includes property

1 owned by a cooperative housing corporation and occupied by tenant  
2 stockholders. Property that qualified as a principal residence  
3 shall continue to qualify as a principal residence for 3 years  
4 after all or any portion of the dwelling or unit included in or  
5 constituting the principal residence is rented or leased to another  
6 person as a residence if all of the following conditions are  
7 satisfied:

8 (i) The owner of the dwelling or unit is absent while on  
9 active duty in the armed forces of the United States.

10 (ii) The dwelling or unit would otherwise qualify as the  
11 owner's principal residence.

12 (iii) Except as otherwise provided in this subparagraph, the  
13 owner files an affidavit with the assessor of the local tax  
14 collecting unit on or before May 1 attesting that it is his or her  
15 intent to occupy the dwelling or unit as a principal residence upon  
16 completion of active duty in the armed forces of the United States.  
17 A copy of an affidavit filed under this subparagraph shall be  
18 forwarded to the department of treasury pursuant to a schedule  
19 prescribed by the department of treasury.

20 (d) "Qualified agricultural property" means unoccupied  
21 property and related buildings classified as agricultural, or other  
22 unoccupied property and related buildings located on that property  
23 devoted primarily to agricultural use as defined in section 36101  
24 of the natural resources and environmental protection act, 1994 PA  
25 451, MCL 324.36101. Related buildings include a residence occupied  
26 by a person employed in or actively involved in the agricultural  
27 use and who has not claimed a principal residence exemption on

1 other property. For taxes levied after December 31, 2008, property  
2 shall not lose its status as qualified agricultural property as a  
3 result of an owner or lessee of that property implementing a  
4 wildlife risk mitigation action plan. Notwithstanding any other  
5 provision of this act to the contrary, if after December 31, 2008  
6 the classification of property was changed as a result of the  
7 implementation of a wildlife risk mitigation action plan, the owner  
8 of that property may appeal that change in classification to the  
9 board of review under section 30 in the year in which the  
10 amendatory act that added this sentence takes effect or in the 3  
11 immediately succeeding years. Property used for commercial storage,  
12 commercial processing, commercial distribution, commercial  
13 marketing, or commercial shipping operations or other commercial or  
14 industrial purposes is not qualified agricultural property. A  
15 parcel of property is devoted primarily to agricultural use only if  
16 more than 50% of the parcel's acreage is devoted to agricultural  
17 use. An owner shall not receive an exemption for that portion of  
18 the total state equalized valuation of the property that is used  
19 for a commercial or industrial purpose or that is a residence that  
20 is not a related building. As used in this subdivision:

21 (i) "Project" means certain risk mitigating measures, which  
22 may include, but are not limited to, the following:

23 (A) Making it difficult for wildlife to access feed by storing  
24 livestock feed securely, restricting wildlife access to feeding and  
25 watering areas, and deterring or reducing wildlife presence around  
26 livestock feed by storing feed in an enclosed barn, wrapping bales  
27 or covering stacks with tarps, closing ends of bags, storing grains

1 in animal-proof containers or bins, maintaining fences, practicing  
2 small mammal and rodent control, or feeding away from wildlife  
3 cover.

4 (B) Minimizing wildlife access to livestock feed and water by  
5 feeding livestock in an enclosed area, feeding in open areas near  
6 buildings and human activity, removing extra or waste feed when  
7 livestock are moved, using hay feeders to reduce waste, using  
8 artificial water systems to help keep livestock from sharing water  
9 sources with wildlife, fencing off stagnant ponds, wetlands, or  
10 areas of wildlife habitats that pose a disease risk, and keeping  
11 mineral feeders near buildings and human activity or using devices  
12 that restrict wildlife usage.

13 (ii) "Wildlife risk mitigation action plan" means a written  
14 plan consisting of 1 or more projects to help reduce the risks of a  
15 communicable disease spreading between wildlife and livestock that  
16 is approved by the department of agriculture **AND RURAL DEVELOPMENT**  
17 under the animal industry act, 1988 PA 466, MCL 287.701 to  
18 ~~287.746~~-**287.745**.

19 Sec. 34c. (1) Not later than the first Monday in March in each  
20 year, the assessor shall classify every item of assessable property  
21 according to the definitions contained in this section. Following  
22 the March board of review, the assessor shall tabulate the total  
23 number of items and the valuations as approved by the board of  
24 review for each classification and for the totals of real and  
25 personal property in the local tax collecting unit. The assessor  
26 shall transmit to the county equalization department and to the  
27 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 For taxes levied after December 31, 2002, agricultural real  
9 property includes buildings on leased land used for agricultural  
10 operations. If a parcel of real property is classified as  
11 agricultural real property and is engaged in agricultural  
12 operations, any contiguous parcel owned by the same taxpayer, that  
13 is a vacant parcel, a wooded parcel, or a parcel on which is  
14 located 1 or more agricultural outbuildings that comprise more than  
15 50% of the taxable value of all buildings on that parcel as  
16 indicated by the assessment records for the local tax collecting  
17 unit in which that parcel is located, shall be classified as  
18 agricultural real property. Contiguity is not broken by a boundary  
19 between local tax collecting units, a section boundary, a road, a  
20 right-of-way, or property purchased or taken under condemnation  
21 proceedings by a public utility for power transmission lines if the  
22 2 parcels separated by the purchased or condemned property were a  
23 single parcel prior to the sale or condemnation. For purposes of  
24 this subsection, contiguity requires that the parcel classified as  
25 agricultural real property by reason of its agriculture use and the  
26 vacant parcel, wooded parcel, or parcel on which is located 1 or  
27 more agricultural outbuildings must be immediately adjacent to each

1 other, without intervening parcels that do not qualify for  
2 classification as agricultural real property based on their actual  
3 agricultural use. It is the intent of the legislature that if a  
4 parcel of real property is classified as agricultural real property  
5 and is engaged in agricultural operations, any contiguous parcel  
6 owned by the same taxpayer, that is a vacant parcel, a wooded  
7 parcel, or a parcel on which is located 1 or more agricultural  
8 outbuildings that comprise more than 50% of the taxable value of  
9 all buildings on that parcel as indicated by the assessment records  
10 for the local tax collecting unit in which that parcel is located,  
11 shall be classified as agricultural real property even if the  
12 contiguous parcels are located in different local tax collecting  
13 units. Property shall not lose its classification as agricultural  
14 real property as a result of an owner or lessee of that property  
15 implementing a wildlife risk mitigation action plan. As used in  
16 this subdivision:

17 (i) "Agricultural outbuilding" means a building or other  
18 structure primarily used for agricultural operations.

19 (ii) "Agricultural operations" means the following:

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

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

23 (C) Dairying.

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



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

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

8 (F) Turf and tree farming.

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

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

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

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

1 sources with wildlife, fencing off stagnant ponds, wetlands, or  
2 areas of wildlife habitats that pose a disease risk, and keeping  
3 mineral feeders near buildings and human activity or using devices  
4 that restrict wildlife usage.

5 (iv) "Wildlife risk mitigation action plan" means a written  
6 plan consisting of 1 or more projects to help reduce the risks of a  
7 communicable disease spreading between wildlife and livestock that  
8 is approved by the department of agriculture and rural development  
9 under the animal industry act, 1988 PA 466, MCL 287.701 to  
10 ~~287.746-287.745~~.

11 (b) Commercial real property includes the following:

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

14 (ii) Parcels used by fraternal societies.

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

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

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

25 (d) Industrial real property includes the following:

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

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

4           (iii) Parcels used for removal or processing of gravel, stone,  
5 or mineral ores.

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,  
19 cottage, or cabin on leased land, and a mobile home that would be  
20 assessable as real property under section 2a except that the land  
21 on which it is located is not assessable because the land is  
22 exempt.

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

1 classification shall be changed to residential.

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

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

6 (b) Commercial personal property includes the following:

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

9 (ii) All outdoor advertising signs and billboards.

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

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

15 (c) Industrial personal property includes the following:

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

18 (ii) Personal property of mining companies.

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 **UNDER** 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.

24 Enacting section 1. This amendatory act takes effect 90 days  
25 after the date it is enacted into law.

26 Enacting section 1. This amendatory act does not take effect  
27 unless Senate Bill No. \_\_\_\_\_ or House Bill No. 6205 (request no.

**1** 04193'17) of the 99th Legislature is enacted into law.