

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 6213

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
8 succession.

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

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

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

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

15 (viii) A cooperative housing corporation.

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

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

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

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

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

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

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

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

19 (d) "Qualified agricultural property" means unoccupied
20 property and related buildings classified as agricultural, or other
21 unoccupied property and related buildings located on that property
22 devoted primarily to agricultural use as defined in section 36101
23 of the natural resources and environmental protection act, 1994 PA
24 451, MCL 324.36101. Related buildings include a residence occupied
25 by a person employed in or actively involved in the agricultural
26 use and who has not claimed a principal residence exemption on
27 other property. For taxes levied after December 31, 2008, property

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

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

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

1 small mammal and rodent control, or feeding away from wildlife
2 cover.

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

12 (ii) "Wildlife risk mitigation action plan" means a written
13 plan consisting of 1 or more projects to help reduce the risks of a
14 communicable disease spreading between wildlife and livestock that
15 is approved by the department of agriculture **AND RURAL DEVELOPMENT**
16 under the animal industry act, 1988 PA 466, MCL 287.701 to
17 ~~287.746-287.747~~.

18 Sec. 34c. (1) Not later than the first Monday in March in each
19 year, the assessor shall classify every item of assessable property
20 according to the definitions contained in this section. Following
21 the March board of review, the assessor shall tabulate the total
22 number of items and the valuations as approved by the board of
23 review for each classification and for the totals of real and
24 personal property in the local tax collecting unit. The assessor
25 shall transmit to the county equalization department and to the
26 state tax commission the tabulation of assessed valuations and
27 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) "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) "Project" means certain risk mitigating measures, which
13 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) "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 ~~287.746-287.747~~.

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.

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

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

23 (e) Utility personal property includes the following:

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

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

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

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

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

25 Enacting section 1. This amendatory act does not take effect
26 unless House Bill No. 6205 of the 99th Legislature is enacted into
27 law.