

HOUSE BILL No. 5031

September 28, 2011, Introduced by Rep. Gilbert 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.

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. As used in this subdivision, "agricultural operations"
11 means the following:

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

13 (ii) Growing and harvesting any agricultural, horticultural, or
14 floricultural commodity.

15 (iii) Dairying.

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

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

27 (vi) Turf and tree farming.

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

5 (b) Commercial real property includes the following:

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

8 (ii) Parcels used by fraternal societies.

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

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

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

19 (d) Industrial real property includes the following:

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

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

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

1 (iv) GAS, STEAM, OR COAL-FIRED TURBINES USED IN THE GENERATION
2 OF ELECTRICITY.

3 (v) ~~(iv)~~—For taxes levied after December 31, 2002, buildings on
4 leased land used for industrial purposes.

5 (vi) ~~(v)~~—For taxes levied after December 31, 2002, buildings on
6 leased land for utility purposes.

7 (e) Residential real property includes the following:

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

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

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

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

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

27 (a) Agricultural personal property includes any agricultural

1 equipment and produce not exempt by law.

2 (b) Commercial personal property includes the following:

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

5 (ii) All outdoor advertising signs and billboards.

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

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

11 (c) Industrial personal property includes the following:

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

14 (ii) Personal property of mining companies valued by the state
15 geologist.

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

21 (e) Utility personal property includes the following:

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

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

27 (iii) Inventories not exempt by law.

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

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

4 (vi) Gas storage equipment.

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

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

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

16 (6) An owner of any assessable property who disputes the
17 classification of that parcel shall notify the assessor and may
18 protest the assigned classification to the March board of review.
19 An owner or assessor may appeal the decision of the March board of
20 review by filing a petition with the state tax commission not later
21 than June 30 in that tax year. The state tax commission shall
22 arbitrate the petition based on the written petition and the
23 written recommendations of the assessor and the state tax
24 commission staff. ~~An appeal may not be taken from the decision of
25 the state tax commission regarding classification complaint
26 petitions and the state tax commission's determination is final and
27 binding for the year of the petition.~~ **AN OWNER OR AN ASSESSOR MAY**

1 **APPEAL THE DECISION OF THE STATE TAX COMMISSION REGARDING A**
2 **CLASSIFICATION PETITION TO THE CIRCUIT COURT.**

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 is intended to clarify
24 and express the original intent of the legislature concerning the
25 classification of gas, steam, or coal-fired turbines used in the
26 generation of electricity as industrial real property. This
27 amendatory act is retroactive and is effective for the

1 classification of property after December 30, 2007, and to the
2 determination of exemptions and credits pertaining to property
3 classified as industrial personal property.