



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.