

HOUSE BILL No. 6316

December 3, 1998, Introduced by Rep. Bobier 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 1996 PA
476.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 34c. (1) Not later than the first Monday in March in
2 each year, the assessor shall classify every item of assessable
3 property according to the definitions contained in this section.
4 Following the March board of review, the assessor shall tabulate
5 the total number of items and the valuations as approved by the
6 board of review for each classification and for the totals of
7 real and personal property in the local tax collecting unit. The
8 assessor shall transmit to the county equalization department and
9 to the state tax commission the tabulation of assessed valuations
10 and other statistical information the state tax commission

1 considers necessary to meet the requirements of this act and ~~Act~~
2 ~~No. 44 of the Public Acts of 1911, being sections 209.1 to 209.8~~
3 ~~of the Michigan Compiled Laws~~ 1911 PA 44, MCL 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 par-
7 tially or wholly for agricultural operations, with or without
8 buildings, and parcels assessed to the department of natural
9 resources and valued by the state tax commission. As used in
10 this subdivision, "agricultural operations" means the following:

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

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

15 (iii) Dairying.

16 (iv) Raising livestock, bees, fish, fur-bearing animals, or
17 poultry.

18 (v) Turf and tree farming.

19 (vi) Performing any practices on a farm incident to, or in
20 conjunction with, farming operations. A commercial storage, pro-
21 cessing, distribution, marketing, or shipping operation is not
22 part of agricultural operations.

23 (b) Commercial real property includes the following:

24 (i) Platted or unplatted parcels used for commercial pur-
25 poses, whether wholesale, retail, or service, with or without
26 buildings.

1 (ii) Parcels used by fraternal societies.

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

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

10 (d) Industrial real property includes the following:

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

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

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

19 (e) Residential real property includes the following:

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

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

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

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

9 (a) Agricultural personal property includes farm buildings
10 on leased land and any agricultural equipment and produce not
11 exempt by law.

12 (b) Commercial personal property includes the following:

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

15 (ii) Outdoor advertising signs and billboards.

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

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

21 (v) Commercial buildings on leased land.

22 (c) Industrial personal property includes the following:

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

25 (ii) Industrial buildings on leased land.

26 (iii) Personal property of mining companies valued by the
27 state geologist.

1 (d) Residential personal property includes a home, cottage,
2 or cabin on leased land, and a mobile home that would be asses-
3 sable as real property under section 2a except that the land on
4 which it is located is not assessable because the land is
5 exempt.

6 (e) Utility personal property includes the following:

7 (i) Electric transmission and distribution systems, substa-
8 tion equipment, spare parts, gas distribution systems, and water
9 transmission and distribution systems.

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

12 (iii) Inventories not exempt by law.

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

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

16 (vi) Gas storage equipment.

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

19 (viii) Utility buildings on leased land.

20 (4) Buildings on leased land of any classification are
21 improvements where the owner of the improvement is not the owner
22 of the land or fee and has not bound himself or herself to pay
23 taxes levied against the land or fee and the improvement has been
24 assessed as personal property pursuant to section 14(6).

25 (5) If the total usage of a parcel includes more than 1
26 classification, the assessor shall determine the classification

1 that most significantly influences the total valuation of the
2 parcel.

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

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

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

22 (9) IF ASSESSABLE PROPERTY IS CLASSIFIED AS AGRICULTURAL
23 REAL PROPERTY AND THAT PROPERTY'S CLASSIFICATION IS CHANGED DUE
24 TO A CHANGE IN USE BY THE OWNER, ALL OF THE FOLLOWING APPLY:

25 (A) A FARMLAND CONVERSION FEE OF 5% OF THE PROPERTY'S TRUE
26 CASH VALUE AS OF DECEMBER 31 IN THE YEAR IN WHICH THE PROPERTY'S

1 CLASSIFICATION IS CHANGED SHALL BE LEVIED ON THE PROPERTY AND
2 SHALL BE A LIEN AGAINST THE PROPERTY UNTIL SATISFIED.

3 (B) A LIEN CREATED UNDER SUBDIVISION (A) FOR A FARMLAND CON-
4 VERSION FEE SHALL BE COLLECTED IN THE SAME MANNER AS PROPERTY
5 TAXES ARE COLLECTED UNDER THIS ACT. A LOCAL TAX COLLECTING UNIT
6 MAY INCLUDE AN ADMINISTRATION FEE OF 2% OF THE FARMLAND CONVER-
7 SION FEE TO OFFSET COSTS OF COLLECTION.

8 (C) A LOCAL TAX COLLECTING UNIT SHALL REMIT A FARMLAND CON-
9 VERSION FEE COLLECTED UNDER THIS SECTION TO THE STATE TREASURY TO
10 THE CREDIT OF THE MICHIGAN FARMLAND TRUST FUND CREATED IN SECTION
11 36202 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT,
12 1994 PA 451, MCL 324.36202.