

# SENATE BILL No. 561

May 12, 2009, Introduced by Senator GILBERT and referred to the Committee on Finance.

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) For taxes levied after December 31, 2002, buildings on  
2 leased land used for industrial purposes.

3           (v) For taxes levied after December 31, 2002, buildings on  
4 leased land for utility purposes.

5           (e) Residential real property includes the following:

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

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

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

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

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

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

27          (b) Commercial personal property includes the following:

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

3           (ii) All outdoor advertising signs and billboards.

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

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

9           (c) Industrial personal property includes the following:

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

12           (ii) Personal property of mining companies valued by the state  
13 geologist.

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

19           (e) Utility personal property includes the following:

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

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

25           (iii) Inventories not exempt by law.

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

27           (v) Oil or gas field equipment stored in the open or in

1 warehouses such as drilling rigs, motors, pipes, and parts.

2 (vi) Gas storage equipment.

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

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

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

14 (6) An owner of any assessable property who disputes the  
15 classification of that parcel shall notify the assessor and may  
16 protest the assigned classification to the March board of review.  
17 An owner or assessor may appeal the decision of the March board of  
18 review by filing a petition with the state tax commission not later  
19 than June 30 in that tax year. The state tax commission shall  
20 arbitrate the petition based on the written petition and the  
21 written recommendations of the assessor and the state tax  
22 commission staff **AND, IF THERE IS A GOOD FAITH DISPUTE CONCERNING**  
23 **FACTS NECESSARY TO MAKE A FINAL DETERMINATION, THE STATE TAX**  
24 **COMMISSION MAY CONDUCT AN EVIDENTIARY HEARING TO RESOLVE THAT**  
25 **DISPUTE. THE STATE TAX COMMISSION MAY ORDER THAT THE LOCAL TAX**  
26 **COLLECTING UNIT IN WHICH THE PROPERTY IS LOCATED SPLIT THE**  
27 **PROPERTY, FOR TAX ASSESSMENT PURPOSES ONLY, INTO 2 OR MORE PARCELS,**

1 EACH WITH A SEPARATE PROPERTY TAX IDENTIFICATION NUMBER AND EACH TO  
2 BE ASSESSED SEPARATELY, IF THE STATE TAX COMMISSION DETERMINES THAT  
3 SPLITTING THE PROPERTY INTO 2 OR MORE PARCELS WILL MORE ACCURATELY  
4 REFLECT THE USES OF THE PARCELS WITH THE RESULTING CLASSIFICATIONS.  
5 THE STATE TAX COMMISSION SHALL RENDER A FINAL WRITTEN DECISION,  
6 WITH A STATEMENT OF FACTS AND CONCLUSIONS OF LAW SUPPORTING ITS  
7 DECISION, BY NOVEMBER 1 OF THAT TAX YEAR. An OWNER OR ASSESSOR MAY  
8 ~~appeal may not be taken from the~~ A FINAL decision of the state tax  
9 commission regarding classification complaint petitions ~~and the~~  
10 ~~state tax commission's determination is final and binding for the~~  
11 ~~year of the petition~~ TO THE RESIDENTIAL PROPERTY AND SMALL CLAIMS  
12 DIVISION OF THE MICHIGAN TAX TRIBUNAL WITHIN 35 DAYS AFTER THE  
13 STATE TAX COMMISSION'S FINAL DECISION.

14 (7) The department of treasury may appeal the classification  
15 of any assessable property to the residential and small claims  
16 division of the Michigan tax tribunal not later than December 31 in  
17 the tax year for which the classification is appealed, PROVIDED  
18 THAT NO APPEAL HAS OR MAY BE FILED PURSUANT TO SUBSECTION (6).

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

22 (9) The assessor of each city or township in which is located  
23 property that is subject to payment in lieu of taxes under subpart  
24 14 of part 21 of the natural resources and environmental protection  
25 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that  
26 property on an assessment roll that is separate from the assessment  
27 roll prepared under section 24. For purposes of calculating the

1 debt limitation imposed by section 11 of article VII of the state  
2 constitution of 1963, the separate assessment roll for property  
3 that is subject to payment in lieu of taxes under subpart 14 of  
4 part 21 of the natural resources and environmental protection act,  
5 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection  
6 shall be combined with the assessment roll prepared under section  
7 24.

8 Enacting section 1. This amendatory act does not take effect  
9 unless Senate Bill No. 562

10 of the 95th Legislature is enacted into law.