

SENATE BILL NO. 178

March 07, 2019, Introduced by Senators VICTORY and DALEY 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

1 under a land contract.

2 (ii) A person who is a partial owner of property.

3 (iii) A person who owns property as a result of being a
4 beneficiary of a will or trust or as a result of intestate
5 succession.

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

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

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

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

21 (viii) A cooperative housing corporation.

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

25 (b) "Person", for purposes of defining owner as used in
26 section 7cc, means an individual and for purposes of defining owner
27 as used in section 7ee means an individual, partnership,
28 corporation, limited liability company, association, or other legal
29 entity.

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

1 MCL 554.901 to 554.993. Principal residence also includes property
2 owned by a cooperative housing corporation and occupied by tenant
3 stockholders. Property that qualified as a principal residence
4 shall continue to qualify as a principal residence for 3 years
5 after all or any portion of the dwelling or unit included in or
6 constituting the principal residence is rented or leased to another
7 person as a residence if all of the following conditions are
8 satisfied:

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

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

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

21 (d) "Qualified agricultural property" means unoccupied
22 property and related buildings classified as agricultural, or other
23 unoccupied property and related buildings located on that property
24 devoted primarily to agricultural use as defined in section 36101
25 of the natural resources and environmental protection act, 1994 PA
26 451, MCL 324.36101. Related buildings include a residence occupied
27 by a person employed in or actively involved in the agricultural
28 use and who has not claimed a principal residence exemption on
29 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 may
21 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
28 small mammal and rodent control, or feeding away from wildlife
29 cover.

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

10 (ii) "Wildlife risk mitigation action plan" means a written
11 plan consisting of 1 or more projects to help reduce the risks of a
12 communicable disease spreading between wildlife and livestock that
13 is approved by the department of agriculture **and rural development**
14 under the animal industry act, 1988 PA 466, MCL 287.701 to
15 ~~287.746~~.**287.745**.

16 Sec. 34c. (1) Not later than the first Monday in March in each
17 year, the assessor shall classify every item of assessable property
18 according to the definitions contained in this section. Following
19 the March board of review, the assessor shall tabulate the total
20 number of items and the valuations as approved by the board of
21 review for each classification and for the totals of real and
22 personal property in the local tax collecting unit. The assessor
23 shall transmit to the county equalization department and to the
24 state tax commission the tabulation of assessed valuations and
25 other statistical information the state tax commission considers
26 necessary to meet the requirements of this act and 1911 PA 44, MCL
27 209.1 to 209.8.

28 (2) The classifications of assessable real property are
29 described as follows:

1 (a) Agricultural real property includes parcels used partially
2 or wholly for agricultural operations, with or without buildings.
3 For taxes levied after December 31, 2002, agricultural real
4 property includes buildings on leased land used for agricultural
5 operations. If a parcel of real property is classified as
6 agricultural real property and is engaged in agricultural
7 operations, any contiguous parcel owned by the same taxpayer, that
8 is a vacant parcel, a wooded parcel, or a parcel on which is
9 located 1 or more agricultural outbuildings that comprise more than
10 50% of the taxable value of all buildings on that parcel as
11 indicated by the assessment records for the local tax collecting
12 unit in which that parcel is located, shall be classified as
13 agricultural real property. Contiguity is not broken by a boundary
14 between local tax collecting units, a section boundary, a road, a
15 right-of-way, or property purchased or taken under condemnation
16 proceedings by a public utility for power transmission lines if the
17 2 parcels separated by the purchased or condemned property were a
18 single parcel prior to the sale or condemnation. For purposes of
19 this subsection, contiguity requires that the parcel classified as
20 agricultural real property by reason of its agriculture use and the
21 vacant parcel, wooded parcel, or parcel on which is located 1 or
22 more agricultural outbuildings must be immediately adjacent to each
23 other, without intervening parcels that do not qualify for
24 classification as agricultural real property based on their actual
25 agricultural use. It is the intent of the legislature that if a
26 parcel of real property is classified as agricultural real property
27 and is engaged in agricultural operations, any contiguous parcel
28 owned by the same taxpayer, that is a vacant parcel, a wooded
29 parcel, or a parcel on which is located 1 or more agricultural

1 outbuildings that comprise more than 50% of the taxable value of
2 all buildings on that parcel as indicated by the assessment records
3 for the local tax collecting unit in which that parcel is located,
4 shall be classified as agricultural real property even if the
5 contiguous parcels are located in different local tax collecting
6 units. Property shall not lose its classification as agricultural
7 real property as a result of an owner or lessee of that property
8 implementing a wildlife risk mitigation action plan. As used in
9 this subdivision:

10 (i) "Agricultural outbuilding" means a building or other
11 structure primarily used for agricultural operations.

12 (ii) "Agricultural operations" means the following:

13 (A) Farming in all its branches, including cultivating soil.

14 (B) Growing and harvesting any agricultural, horticultural, or
15 floricultural commodity.

16 (C) Dairying.

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

28 (E) Raising, breeding, training, leasing, or boarding horses.

29 (F) Turf and tree farming.

1 (G) 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 (iii) "Project" means certain risk mitigating measures, which
6 may include, but are not limited to, the following:

7 (A) Making it difficult for wildlife to access feed by storing
8 livestock feed securely, restricting wildlife access to feeding and
9 watering areas, and deterring or reducing wildlife presence around
10 livestock feed by storing feed in an enclosed barn, wrapping bales
11 or covering stacks with tarps, closing ends of bags, storing grains
12 in animal-proof containers or bins, maintaining fences, practicing
13 small mammal and rodent control, or feeding away from wildlife
14 cover.

15 (B) Minimizing wildlife access to livestock feed and water by
16 feeding livestock in an enclosed area, feeding in open areas near
17 buildings and human activity, removing extra or waste feed when
18 livestock are moved, using hay feeders to reduce waste, using
19 artificial water systems to help keep livestock from sharing water
20 sources with wildlife, fencing off stagnant ponds, wetlands, or
21 areas of wildlife habitats that pose a disease risk, and keeping
22 mineral feeders near buildings and human activity or using devices
23 that restrict wildlife usage.

24 (iv) "Wildlife risk mitigation action plan" means a written
25 plan consisting of 1 or more projects to help reduce the risks of a
26 communicable disease spreading between wildlife and livestock that
27 is approved by the department of agriculture and rural development
28 under the animal industry act, 1988 PA 466, MCL 287.701 to
29 ~~287.746-287.745.~~

1 (b) Commercial real property includes the following:

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

4 (ii) Parcels used by fraternal societies.

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

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

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

15 (d) Industrial real property includes the following:

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

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

21 (iii) Parcels used for removal or processing of gravel, stone,
22 or mineral ores.

23 (iv) For taxes levied after December 31, 2002, buildings on
24 leased land used for industrial purposes.

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

27 (e) Residential real property includes the following:

28 (i) Platted or unplatted parcels, with or without buildings,

1 and condominium apartments located within or outside a village or
2 city, which are used for, or probably will be used for, residential
3 purposes.

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

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

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

17 (3) The classifications of assessable personal property are
18 described as follows:

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

21 (b) Commercial personal property includes the following:

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

24 (ii) All outdoor advertising signs and billboards.

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

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

1 (c) Industrial personal property includes the following:

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

4 (ii) Personal property of mining companies.

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

10 (e) Utility personal property includes the following:

11 (i) Electric transmission and distribution systems, substation
12 equipment, spare parts, gas distribution systems, and water
13 transmission and distribution systems.

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

16 (iii) Inventories not exempt by law.

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

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

20 (vi) Gas storage equipment.

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

22 (4) For taxes levied before January 1, 2003, buildings on
23 leased land of any classification are improvements where the owner
24 of the improvement is not the owner of the land or fee, the value
25 of the land is not assessed to the owner of the building, and the
26 improvement has been assessed as personal property ~~pursuant to~~
27 **under** section 14(6).

28 (5) If the total usage of a parcel includes more than 1

1 classification, the assessor shall determine the classification
2 that most significantly influences the total valuation of the
3 parcel.

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

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

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

23 (9) The assessor of each city or township in which is located
24 property that is subject to payment in lieu of taxes under subpart
25 14 of part 21 of the natural resources and environmental protection
26 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that
27 property on an assessment roll that is separate from the assessment
28 roll prepared under section 24. For purposes of calculating the
29 debt limitation imposed by section 11 of article VII of the state

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

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

9 Enacting section 2. This amendatory act does not take effect
10 unless Senate Bill No.174 of the 100th Legislature is enacted into
11 law.