

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 862**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 34c (MCL 211.34c), as amended by 2011 PA 320.

**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  
10 other statistical information the state tax commission considers

1 necessary to meet the requirements of this act and 1911 PA 44, MCL  
2 209.1 to 209.8.

3 (2) The classifications of assessable real property are  
4 described as follows:

5 (a) Agricultural real property includes parcels used partially  
6 or wholly for agricultural operations, with or without buildings.  
7 For taxes levied after December 31, 2002, agricultural real  
8 property includes buildings on leased land used for agricultural  
9 operations. **IF A PARCEL OF REAL PROPERTY IS CLASSIFIED AS**  
10 **AGRICULTURAL REAL PROPERTY AND IS ENGAGED IN AGRICULTURAL**  
11 **OPERATIONS, ANY CONTIGUOUS PARCEL OWNED BY THE SAME TAXPAYER, THAT**  
12 **IS A VACANT PARCEL, A WOODED PARCEL, OR A PARCEL ON WHICH IS**  
13 **LOCATED 1 OR MORE AGRICULTURAL OUTBUILDINGS THAT COMPRISE MORE THAN**  
14 **50% OF THE TAXABLE VALUE OF ALL BUILDINGS ON THAT PARCEL AS**  
15 **INDICATED BY THE ASSESSMENT RECORDS FOR THE LOCAL TAX COLLECTING**  
16 **UNIT IN WHICH THAT PARCEL IS LOCATED, SHALL BE CLASSIFIED AS**  
17 **AGRICULTURAL REAL PROPERTY. CONTIGUITY IS NOT BROKEN BY A BOUNDARY**  
18 **BETWEEN LOCAL TAX COLLECTING UNITS, A SECTION BOUNDARY, A ROAD, A**  
19 **RIGHT-OF-WAY, OR PROPERTY PURCHASED OR TAKEN UNDER CONDEMNATION**  
20 **PROCEEDINGS BY A PUBLIC UTILITY FOR POWER TRANSMISSION LINES IF THE**  
21 **2 PARCELS SEPARATED BY THE PURCHASED OR CONDEMNED PROPERTY WERE A**  
22 **SINGLE PARCEL PRIOR TO THE SALE OR CONDEMNATION. FOR PURPOSES OF**  
23 **THIS SUBSECTION, CONTIGUITY REQUIRES THAT THE PARCEL CLASSIFIED AS**  
24 **AGRICULTURAL REAL PROPERTY BY REASON OF ITS AGRICULTURE USE AND THE**  
25 **VACANT PARCEL, WOODED PARCEL, OR PARCEL ON WHICH IS LOCATED 1 OR**  
26 **MORE AGRICULTURAL OUTBUILDINGS MUST BE IMMEDIATELY ADJACENT TO EACH**  
27 **OTHER, WITHOUT INTERVENING PARCELS THAT DO NOT QUALIFY FOR**

1 CLASSIFICATION AS AGRICULTURAL REAL PROPERTY BASED ON THEIR ACTUAL  
2 AGRICULTURAL USE. IT IS THE INTENT OF THE LEGISLATURE THAT IF A  
3 PARCEL OF REAL PROPERTY IS CLASSIFIED AS AGRICULTURAL REAL PROPERTY  
4 AND IS ENGAGED IN AGRICULTURAL OPERATIONS, ANY CONTIGUOUS PARCEL  
5 OWNED BY THE SAME TAXPAYER, THAT IS A VACANT PARCEL, A WOODED  
6 PARCEL, OR A PARCEL ON WHICH IS LOCATED 1 OR MORE AGRICULTURAL  
7 OUTBUILDINGS THAT COMPRISE MORE THAN 50% OF THE TAXABLE VALUE OF  
8 ALL BUILDINGS ON THAT PARCEL AS INDICATED BY THE ASSESSMENT RECORDS  
9 FOR THE LOCAL TAX COLLECTING UNIT IN WHICH THAT PARCEL IS LOCATED,  
10 SHALL BE CLASSIFIED AS AGRICULTURAL REAL PROPERTY EVEN IF THE  
11 CONTIGUOUS PARCELS ARE LOCATED IN DIFFERENT LOCAL TAX COLLECTING  
12 UNITS. Property shall not lose its classification as agricultural  
13 real property as a result of an owner or lessee of that property  
14 implementing a wildlife risk mitigation action plan. As used in  
15 this subdivision:

16 (i) "AGRICULTURAL OUTBUILDING" MEANS A BUILDING OR OTHER  
17 STRUCTURE PRIMARILY USED FOR AGRICULTURAL OPERATIONS.

18 (ii) ~~(i)~~—"Agricultural operations" means the following:

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

20 (B) Growing and harvesting any agricultural, horticultural, or  
21 floricultural commodity.

22 (C) Dairying.

23 (D) Raising livestock, bees, fish, fur-bearing animals, or  
24 poultry, including operating a game bird hunting preserve licensed  
25 under part 417 of the natural resources and environmental  
26 protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also  
27 including farming operations that harvest cervidae on site where

1 not less than 60% of the cervidae were born as part of the farming  
2 operation. As used in this subparagraph, "livestock" includes, but  
3 is not limited to, cattle, sheep, new world camelids, goats, bison,  
4 privately owned cervids, ratites, swine, equine, poultry,  
5 aquaculture, and rabbits. Livestock does not include dogs and cats.

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

7 (F) Turf and tree farming.

8 (G) Performing any practices on a farm incident to, or in  
9 conjunction with, farming operations. A commercial storage,  
10 processing, distribution, marketing, or shipping operation is not  
11 part of agricultural operations.

12 (iii) ~~(ii)~~—"Project" means certain risk mitigating measures,  
13 which may include, but are not limited to, the following:

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

22 (B) Minimizing wildlife access to livestock feed and water by  
23 feeding livestock in an enclosed area, feeding in open areas near  
24 buildings and human activity, removing extra or waste feed when  
25 livestock are moved, using hay feeders to reduce waste, using  
26 artificial water systems to help keep livestock from sharing water  
27 sources with wildlife, fencing off stagnant ponds, wetlands, or

1 areas of wildlife habitats that pose a disease risk, and keeping  
2 mineral feeders near buildings and human activity or using devices  
3 that restrict wildlife usage.

4 (iv) ~~(iii)~~—"Wildlife risk mitigation action plan" means a written  
5 plan consisting of 1 or more projects to help reduce the risks of a  
6 communicable disease spreading between wildlife and livestock that  
7 is approved by the department of agriculture and rural development  
8 under the animal industry act, 1988 PA 466, MCL 287.701 to  
9 ~~287.745-287.746~~.

10 (b) Commercial real property includes the following:

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

13 (ii) Parcels used by fraternal societies.

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

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

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

24 (d) Industrial real property includes the following:

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

27 (ii) Parcels used for utilities sites for generating plants,

1 pumping stations, switches, substations, compressing stations,  
2 warehouses, rights-of-way, flowage land, and storage areas.

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

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, cottage,  
19 or cabin on leased land, and a mobile home that would be assessable  
20 as real property under section 2a except that the land on which it  
21 is located is not assessable because the land is exempt.

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

1           (3) The classifications of assessable personal property are  
2 described as follows:

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

5           (b) Commercial personal property includes the following:

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

8           (ii) All outdoor advertising signs and billboards.

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

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

14           (c) Industrial personal property includes the following:

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

17           (ii) Personal property of mining companies valued by the state  
18 geologist.

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 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.