

**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

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. IT IS THE INTENT  
24 OF THE LEGISLATURE THAT IF A PARCEL OF REAL PROPERTY IS CLASSIFIED  
25 AS AGRICULTURAL REAL PROPERTY AND IS ENGAGED IN AGRICULTURAL  
26 OPERATIONS, ANY CONTIGUOUS PARCEL OWNED BY THE SAME TAXPAYER, THAT  
27 IS A VACANT PARCEL, A WOODED PARCEL, OR A PARCEL ON WHICH IS

1 LOCATED 1 OR MORE AGRICULTURAL OUTBUILDINGS THAT COMPRISE MORE THAN  
2 50% OF THE TAXABLE VALUE OF ALL BUILDINGS ON THAT PARCEL AS  
3 INDICATED BY THE ASSESSMENT RECORDS FOR THE LOCAL TAX COLLECTING  
4 UNIT IN WHICH THAT PARCEL IS LOCATED, SHALL BE CLASSIFIED AS  
5 AGRICULTURAL REAL PROPERTY EVEN IF THE CONTIGUOUS PARCELS ARE  
6 LOCATED IN DIFFERENT LOCAL TAX COLLECTING UNITS. Property shall not  
7 lose its classification as agricultural real property as a result  
8 of an owner or lessee of that property implementing a wildlife risk  
9 mitigation action plan. As used in this subdivision:

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

12 (ii) ~~(i)~~—"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, "livestock" includes, but  
24 is not limited to, cattle, sheep, new world camelids, goats, bison,  
25 privately owned cervids, ratites, swine, equine, poultry,  
26 aquaculture, and rabbits. Livestock does not include dogs and cats.

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

1 (F) Turf and tree farming.

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

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

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

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

25 (iv) ~~(iii)~~—"Wildlife risk mitigation action plan" means a written  
26 plan consisting of 1 or more projects to help reduce the risks of a  
27 communicable disease spreading between wildlife and livestock that

1 is approved by the department of agriculture and rural development  
2 under the animal industry act, 1988 PA 466, MCL 287.701 to  
3 ~~287.745-287.746~~.

4 (b) Commercial real property includes the following:

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

7 (ii) Parcels used by fraternal societies.

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

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

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

18 (d) Industrial real property includes the following:

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

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

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

27 (iv) For taxes levied after December 31, 2002, buildings on

1 leased land used for industrial purposes.

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

4 (e) Residential real property includes the following:

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

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

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

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

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

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

26 (b) Commercial personal property includes the following:

27 (i) All equipment, furniture, and fixtures on commercial

1 parcels, and inventories not exempt by law.

2 (ii) All outdoor advertising signs and billboards.

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

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

8 (c) Industrial personal property includes the following:

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

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

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

18 (e) Utility personal property includes the following:

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

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

24 (iii) Inventories not exempt by law.

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

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

1 (vi) Gas storage equipment.

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

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

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

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

25 (7) The department of treasury may appeal the classification  
26 of any assessable property to the residential and small claims  
27 division of the Michigan tax tribunal not later than December 31 in



1 the tax year for which the classification is appealed.

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

5 (9) The assessor of each city or township in which is located  
6 property that is subject to payment in lieu of taxes under subpart  
7 14 of part 21 of the natural resources and environmental protection  
8 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that  
9 property on an assessment roll that is separate from the assessment  
10 roll prepared under section 24. For purposes of calculating the  
11 debt limitation imposed by section 11 of article VII of the state  
12 constitution of 1963, the separate assessment roll for property  
13 that is subject to payment in lieu of taxes under subpart 14 of  
14 part 21 of the natural resources and environmental protection act,  
15 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection  
16 shall be combined with the assessment roll prepared under section  
17 24.