

HOUSE BILL No. 6371

August 13, 2008, Introduced by Rep. Calley 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 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, **WHETHER OWNED OR LEASED**, and inventories not exempt by
3 law.

4 (ii) All outdoor advertising signs and billboards.

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

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

10 (v) **PERSONAL PROPERTY OWNED BY A LEASING COMPANY AND LOCATED**
11 **ON COMMERCIAL REAL PROPERTY.**

12 (c) Industrial personal property includes the following:

13 (i) All machinery and equipment, furniture and fixtures, and
14 dies on industrial parcels, **WHETHER OWNED OR LEASED**, and
15 inventories not exempt by law.

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

18 (iii) **PERSONAL PROPERTY OWNED BY A LEASING COMPANY AND LOCATED**
19 **ON INDUSTRIAL REAL PROPERTY.**

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

25 (e) Utility personal property includes the following:

26 (i) Electric transmission and distribution systems, substation
27 equipment, spare parts, gas distribution systems, and water

1 transmission and distribution systems.

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

4 (iii) Inventories not exempt by law.

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

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

8 (vi) Gas storage equipment.

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

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

16 (5) If the total usage of a parcel includes more than 1
17 classification, the assessor shall determine the classification
18 that most significantly influences the total valuation of the
19 parcel.

20 (6) An owner of any assessable property who disputes the
21 classification of that parcel shall notify the assessor and may
22 protest the assigned classification to the March board of review.
23 An owner or assessor may appeal the decision of the March board of
24 review by filing a petition with the state tax commission not later
25 than June 30 in that tax year. The state tax commission shall
26 arbitrate the petition based on the written petition and the
27 written recommendations of the assessor and the state tax

1 commission staff. An appeal may not be taken from the decision of
2 the state tax commission regarding classification complaint
3 petitions and the state tax commission's determination is final and
4 binding for the year of the petition.

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

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

12 (9) The assessor of each city or township in which is located
13 property that is subject to payment in lieu of taxes under subpart
14 14 of part 21 of the natural resources and environmental protection
15 act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that
16 property on an assessment roll that is separate from the assessment
17 roll prepared under section 24. For purposes of calculating the
18 debt limitation imposed by section 11 of article VII of the state
19 constitution of 1963, the separate assessment roll for property
20 that is subject to payment in lieu of taxes under subpart 14 of
21 part 21 of the natural resources and environmental protection act,
22 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection
23 shall be combined with the assessment roll prepared under section
24 24.

25 Enacting section 1. This amendatory act is curative in nature
26 and clarifies the original intent of the legislature that the
27 classification of property as industrial personal property, as

1 defined in section 34c of the general property tax act, 1893 PA
2 206, MCL 211.34c, and for purposes of the credits available for
3 industrial personal property under the Michigan business tax act,
4 2007 PA 36, MCL 208.1101 to 208.1601, is determined regardless of
5 whether such personal property is owned or leased.