

SENATE BILL No. 328

April 14, 2011, Introduced by Senator SCHUITMAKER and referred to the Committee on Energy and Technology.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 9i and 34c (MCL 211.9i and 211.34c), section
9i as added by 2002 PA 549 and section 34c as amended by 2006 PA
646.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9i. (1) Alternative energy personal property is exempt
2 from the collection of taxes under this act as provided in this
3 section.

4 ~~— (2) If the Michigan next energy authority certifies~~
5 ~~alternative energy personal property as eligible for the exemption~~
6 ~~under this section as provided in the Michigan next energy~~
7 ~~authority act, the Michigan next energy authority shall forward a~~

~~copy of that certification to all of the following:~~

~~—— (a) The secretary of the local school district in which the alternative energy personal property is located.~~

~~—— (b) The treasurer of the local tax collecting unit in which the alternative energy personal property is located.~~

~~—— (3) Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the school board for the local school district in which the alternative energy personal property is located, with the written concurrence of the superintendent of the local school district, may adopt a resolution to not exempt that alternative energy personal property from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness. If a resolution is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority, to the treasurer of the local tax collecting unit, and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, for the period provided in subsection (5).~~

~~—— (4) Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the~~

~~1 governing body of the local tax collecting unit in which the
2 alternative energy personal property is located may adopt a
3 resolution to not exempt that alternative energy personal property
4 from the taxes collected in that local tax collecting unit, except
5 taxes collected under sections 1211 and 1212 of the revised school
6 code, 1976 PA 451, MCL 380.1211 and 380.1212, a tax levied under
7 the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to
8 retire outstanding bonded indebtedness, or the tax levied by this
9 state under the state education tax act, 1993 PA 331, MCL 211.901
10 to 211.906. The clerk of the local tax collecting unit shall notify
11 in writing the assessor of the local tax collecting unit in which
12 the alternative energy personal property is located and the
13 legislative body of each taxing unit that levies ad valorem
14 property taxes in that local tax collecting unit in which the
15 alternative energy personal property is located. Notice of the
16 meeting at which the resolution will be considered shall be
17 provided as required under the open meetings act, 1976 PA 267, MCL
18 15.261 to 15.275. Before acting on the resolution, the governing
19 body of the local tax collecting unit shall afford the assessor and
20 a representative of the affected taxing units an opportunity for a
21 hearing. If a resolution is adopted under this subsection, a copy
22 of the resolution shall be forwarded to the Michigan next energy
23 authority and to the state treasurer. If a resolution is not
24 adopted under this subsection, that alternative energy personal
25 property is exempt from the taxes collected in that local tax
26 collecting unit for the period provided in subsection (5), except
27 as otherwise provided in this section.~~

1 (2) ~~(5)~~ The exemption under this section applies to ~~taxes~~
2 ~~levied after December 31, 2002 and before January 1, 2013.~~

3 **ALTERNATIVE ENERGY PERSONAL PROPERTY PLACED IN SERVICE BEFORE**
4 **JANUARY 1, 2020.**

5 (3) ANY PROVISION OF THIS ACT OR OTHER LAW NOTWITHSTANDING,
6 **ALTERNATIVE ENERGY PERSONAL PROPERTY SHALL NOT BE ASSESSED AS REAL**
7 **PROPERTY.**

8 (4) ~~(6)~~ As used in this section:

9 (a) "Alternative energy personal property" means all of the
10 following:

11 (i) An alternative energy system.

12 (ii) An alternative energy vehicle.

13 (iii) All personal property of an alternative energy technology
14 business.

15 (iv) The personal property of a business that is not an
16 alternative energy technology business that is used solely for the
17 purpose of researching, developing, or manufacturing an alternative
18 energy technology.

19 (b) "Alternative energy system", "alternative energy vehicle",
20 "alternative energy technology", and "alternative energy technology
21 business" mean those terms as defined in the Michigan next energy
22 authority act, **2002 PA 593, MCL 207.821 TO 207.827.**

23 Sec. 34c. (1) Not later than the first Monday in March in each
24 year, the assessor shall classify every item of assessable property
25 according to the definitions contained in this section. Following
26 the March board of review, the assessor shall tabulate the total
27 number of items and the valuations as approved by the board of

1 review for each classification and for the totals of real and
2 personal property in the local tax collecting unit. The assessor
3 shall transmit to the county equalization department and to the
4 state tax commission the tabulation of assessed valuations and
5 other statistical information the state tax commission considers
6 necessary to meet the requirements of this act and 1911 PA 44, MCL
7 209.1 to 209.8.

8 (2) The classifications of assessable real property are
9 described as follows:

10 (a) Agricultural real property includes parcels used partially
11 or wholly for agricultural operations, with or without buildings.
12 For taxes levied after December 31, 2002, agricultural real
13 property includes buildings on leased land used for agricultural
14 operations. As used in this subdivision, "agricultural operations"
15 means the following:

16 (i) Farming in all its branches, including cultivating soil.

17 (ii) Growing and harvesting any agricultural, horticultural, or
18 floricultural commodity.

19 (iii) Dairying.

20 (iv) Raising livestock, bees, fish, fur-bearing animals, or
21 poultry, including operating a game bird hunting preserve licensed
22 under part 417 of the natural resources and environmental
23 protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also
24 including farming operations that harvest cervidae on site where
25 not less than 60% of the cervidae were born as part of the farming
26 operation. As used in this subparagraph, "livestock" includes, but
27 is not limited to, cattle, sheep, new world camelids, goats, bison,

1 privately owned cervids, ratites, swine, equine, poultry,
2 aquaculture, and rabbits. Livestock does not include dogs and cats.

3 (v) Raising, breeding, training, leasing, or boarding horses.

4 (vi) Turf and tree farming.

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

9 (b) Commercial real property includes the following:

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

12 (ii) Parcels used by fraternal societies.

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

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

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

23 (d) Industrial real property includes the following:

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

26 (ii) Parcels used for utilities sites for generating plants,
27 pumping stations, switches, substations, compressing stations,

1 warehouses, rights-of-way, flowage land, and storage areas.

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

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

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

9 (e) Residential real property includes the following:

10 (i) Platted or unplatted parcels, with or without buildings,
11 and condominium apartments located within or outside a village or
12 city, which are used for, or probably will be used for, residential
13 purposes.

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

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

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

27 (3) The classifications of assessable personal property are

1 described as follows:

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

4 (b) Commercial personal property includes the following:

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

7 (ii) All outdoor advertising signs and billboards.

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

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

13 (c) Industrial personal property includes the following:

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

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

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

23 (e) Utility personal property includes the following:

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

27 (ii) Oil wells and allied equipment such as tanks, gathering

1 lines, field pump units, and buildings.

2 (iii) Inventories not exempt by law.

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

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

6 (vi) Gas storage equipment.

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

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

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

18 (6) THE CLASSIFICATION OF REAL PROPERTY ON WHICH AN
19 ALTERNATIVE ENERGY SYSTEM IS LOCATED SHALL BE MADE WITHOUT REGARD
20 TO THE EXISTENCE OF THAT ALTERNATIVE ENERGY SYSTEM AND SHALL BE
21 BASED ON THE USE MADE BY, OR UNDER THE AUTHORITY OF, THE FEE TITLE
22 HOLDER OR THE FEE TITLE HOLDER'S TENANT. AS USED IN THIS
23 SUBSECTION, "ALTERNATIVE ENERGY SYSTEM" MEANS THAT TERM AS DEFINED
24 IN THE MICHIGAN NEXT ENERGY AUTHORITY ACT, 2002 PA 593, MCL 207.821
25 TO 207.827.

26 (7) ~~(6)~~—An owner of any assessable property who disputes the
27 classification of that parcel shall notify the assessor and may

1 protest the assigned classification to the March board of review.
2 An owner or assessor may appeal the decision of the March board of
3 review by filing a petition with the state tax commission not later
4 than June 30 in that tax year. The state tax commission shall
5 arbitrate the petition based on the written petition and the
6 written recommendations of the assessor and the state tax
7 commission staff. An appeal may not be taken from the decision of
8 the state tax commission regarding classification complaint
9 petitions and the state tax commission's determination is final and
10 binding for the year of the petition.

11 (8) ~~(7)~~—The department of treasury may appeal the
12 classification of any assessable property to the residential and
13 small claims division of the Michigan tax tribunal not later than
14 December 31 in the tax year for which the classification is
15 appealed.

16 (9) ~~(8)~~—This section shall not be construed to encourage the
17 assessment of property at other than the uniform percentage of true
18 cash value prescribed by this act.

19 (10) ~~(9)~~—The assessor of each city or township in which is
20 located property that is subject to payment in lieu of taxes under
21 subpart 14 of part 21 of the natural resources and environmental
22 protection act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place
23 that property on an assessment roll that is separate from the
24 assessment roll prepared under section 24. For purposes of
25 calculating the debt limitation imposed by section 11 of article
26 VII of the state constitution of 1963, the separate assessment roll
27 for property that is subject to payment in lieu of taxes under

1 subpart 14 of part 21 of the natural resources and environmental
2 protection act, 1994 PA 451, MCL 324.2152 to 324.2154, required by
3 this subsection shall be combined with the assessment roll prepared
4 under section 24.