State of Michigan Property Tax Assessments Statutes

Basis for Property Tax Assessments – Market Value

Property is generally assessed at 50% of its true cash value (Sec. 211.27a(1), M.C.L.). Cash value means the usual selling price that could be obtained at a private sale at the place where the property is at the time of assessment (Sec. 211.27(1), M.C.L.). The usual selling price does not include the following: — forced sales and auction sales, unless auctions are a common method of acquisition for the class of property involved and are held by private entities; — an auction sale that is part of a liquidation of the seller's assets in a bankruptcy proceeding; or— sales when the seller cannot use common marketing techniques to secure the usual selling price. The assessor must consider the advantages and disadvantages of location; quality of soil; zoning; existing use; present economic income of structures; present economic income of land if the land is being farmed or used for the production of income; quantity and value of standing timber; water and power privileges; and mines, minerals, quarries, and other valuable deposits known to be in the land and their value. Present economic income means the ordinary and usual economic return realized from the leases or rental of property negotiated between equally knowledgeable parties (Sec. 211.27(4), M.C.L.). Taxable value: The taxable value of real property is the lesser of the state equalized value or the "capped value, i.e., the maximum value that can be used to calculate property tax on that property until a change of ownership occurs. After a transfer of ownership as defined by statute, the state equalized value, which is the result of the assessment and equalization process, and the taxable value, which is the tax-limited value, will be the same (Sec. 211.27a(3), M.C.L.).

Real Property Defined

Real property includes the land and all buildings, fixtures, and appurtenances (Sec. 211.2, M.C.L.).

Personal Property Defined

Personal property includes the following:— all goods, chattels, and effects in the state (Sec. 211.8(a), M.C.L.), including those located outside the state but owned by inhabitants of Michigan, except property permanently invested in out-of-state business (Sec. 211.8(b), M.C.L.);— interests owned by individuals in lands owned by the federal government or the state, unless otherwise provided (Sec. 211.8(c), M.C.L.);—

buildings and improvements on leased lands, except when the value of the real property is assessed to the lessee or owner of the buildings and improvements(Sec. 211.8(d), M.C.L.);— tombs or vaults within a burial ground, and kept for hire or rent (Sec.211.8(e), M.C.L.); and— all other personal property not listed and not exempt by law (Sec. 211.8(f),M.C.L.). A tax bulletin outlines requirements for reporting personal property associated with producing oil and gas wells, injection wells (including brine disposal wells), gas storage wells, or wells for the storage of liquid hydrocarbons. The bulletin covers reportable costs, examples of costs not reported, and economic obsolescence. (Bulletin No. 2014-6, Michigan State Tax Commission, June 11, 2014, CCH MICHIGAN TAX REPORTS, ¶ 401-902).

Intangible Property Taxes

Exempt.