

State Tax Commission Tip of the Month
Month of October
Topic: Qualified Agricultural Properties Related Buildings



Dear STaCy,

I am the assessor of record for a township that has a significant number of qualified agricultural properties. I am a bit confused about the term “related” buildings. Can you help me understand when related buildings qualify for a 100% exemption?

Yours Truly,
A.G. Qualified

Dear Mr. Qualified:

Good question and timely as well. The State Tax Commission recently became aware that there are a number of parcels throughout the State that are receiving a 100% Qualified Agricultural Exemption when they have “unrelated buildings” on the parcel.

Related buildings are structures on a parcel that are in some way part of the agricultural operation or use on that parcel. Examples of related buildings can include barns, sheds, poultry houses, etc. Additionally, related buildings are defined in the law to include a residence occupied by a person employed in or actively involved in the parcel’s agricultural use and who has not claimed the homeowner’s principal residence exemption on other property.

An example of an unrelated building would be any building used for commercial or industrial purposes – lets say the farmer is leasing a barn for boat storage or car storage or a residence occupied by a person not employed in or actively involved in the parcel’s agricultural use. These parcels would receive a partial exemption. Visit the STC website at www.michigan.gov/statetaxcommission (not a live link) under publications has a document with more explanation regarding the Qualified Agricultural Exemption.

Sincerely,
STaCy