

State Tax Commission February 3, 2010 Tip
Topic: Classification and Highest and Best Use



Dear STaCy,

I am so confused!!! I have always understood that property was valued according to highest and best use. But, then I read an email that property is classified industrial if it is *used* for manufacturing or processing. Those things appear to be in conflict?

Respectfully,

Fanny Fracas

Dear Ms. Fracas,

You are correct that the standard has been to value property based on the highest and best use. That standard has not changed and the Commission does not plan on changing that standard. The confusion here is related to the classification of the property; separate and distinct from the valuation of the property. MCL 211.34c defines how property is to be classified. With one minor exception, property is classified according to current use. Two different issues; valuation does not drive classification.

Sincerely,

STaCy