

State Tax Commission Tip of the Month for December
Topic: Classification Appeals



Dear STaCy,

I received the listserv message regarding the Department of Treasury filing so many classification appeals on industrial personal and industrial real property. Can you give me a bit more information on why this is being done?

Yours Truly,
Suitably (Sue) Taxonomy

Dear Ms. Taxonomy:

I am sure you are aware, that while classification of property has always been important, it took on even more importance after the adoption of the Michigan Business Tax. Simply put, property that is classified industrial personal gets a greater exemption than property classified commercial personal. Incorrectly classified personal property has a direct effect on revenue for the school aid fund. Therefore, it is important that all property classified industrial real and industrial personal meets the definitions.

As I am sure you are aware, MCL 211.34c begins with the phrase “Not later than the first Monday in March in each year, the assessor shall classify every item of assessable property according to the definitions contained in this section”. Therefore classification is an annual process, not something that is done once and forgotten. The definition of industrial real property indicates that industrial real property includes parcels used for manufacturing and processing purposes; a pretty simple definition.

So, why are we going to this tremendous amount of work to file these appeals? We need to make sure that parcels classified industrial real are parcels that are currently being used for a manufacturing and processing purpose. A building that is located in an “industrial park” does not automatically mean that the real or personal classification should be industrial. If a building is vacant, we suggest the assessor look at the last use of the building and probable future use. We also need to ensure that all property classified industrial personal is property being used for an industrial (manufacturing and processing) purpose.

Remember, there is a list of all the appeals that are or will be filed with the MTT on the State Tax Commission website at www.michigan.gov/statetaxcommission (not a live link).

Sincerely,
STaCy