



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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GOVERNOR

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DATE: April 15, 2009
TO: Assessors and Equalization Directors
FROM: State Tax Commission
SUBJECT: Wind Energy

The State Tax Commission at their meeting on April 14, 2009 approved the following regarding wind energy systems.

1. The classification of land on which the wind energy system(s) are located, as provided for under MCL 211.34c, should be made without regard to the existence of the wind energy system(s), and that the classification should, instead, be based on the use or uses made by, or under the authority of, the fee title holder, or the fee title holder's tenant.
2. Assessors are advised that the existence of wind energy systems does not affect the determination of whether there has been a Transfer of Ownership, as defined in MCL 211.27a, and that the determination of whether to uncap the Taxable Value of the land and improvements located thereon should be made based on the conveyance of the fee title owner's interest, or lack thereof.
3. Wind energy systems located on one legally described parcel of real property should be combined into one personal property assessment but that, as additional wind energy towers are, from time to time, established, the additional value added by the construction of that tower, including value added pursuant to the procedure recommended, should be deemed an "Addition" in the Capped Value Formula.
4. Assessors are advised that, given the method used to value easement and right of way interests, the possibility exists that the assessment for a wind energy system may be subject to the calculation of a Capped Value, and a determination that the Taxable Value is less than the State Equalized Value, as described in State Tax Commission Bulletin 18 of 1995, State Tax Commission Bulletin 2 of 1996, and State Tax Commission Bulletin 1 of 2000. For purposes of making such calculations, the assessor shall calculate Capped Value for the personal property parcel as a whole, not for the individual wind turbines.
5. None of the value added by the erection and/or development of wind energy systems on a parcel should be considered in determining the True Cash Value of that real property parcel, or considered to be an "Addition" in the Capped Value Formula, when determining the Taxable Value of that real property parcel.

6. Development of wind energy systems on a real property parcel should not be considered to be a disqualifying or limiting use for purposes of determining the Principle Residence Exemption, the Qualified Forest Exemption, and/or the Qualified Agricultural Exemption. In other words, it is recommended that the percentage of the exemption for Principle Residence and Qualified Agricultural Exemption purposes should not be reduced, and that the eligibility of the real property parcel for the Qualified Forest Exemption should not be affected by, the installation of wind energy systems on the parcel. The extent and/or qualification of the parcel should take into account any building or other non-wind turbine structure which is erected.
7. Assessors are advised that they were mistaken if they uncapped the Taxable Value of a real property parcel based on a determination that an agreement has been executed for use of a parcel to install wind energy systems and should take the appropriate action at the July or December meeting of the Board of Review to recap the Taxable Value, pursuant to the procedure provided in MCL 211.27a(4) and Bulletin 12 of 2005.
8. Assessors are advised that determination of the amount of a real property parcel's True Cash Value may, or may not, be affected by the existence of an easement or other agreement to place wind energy systems on the parcel, but that if there is an effect, it will not occur until the erection of a wind turbine occurs, and it is unlikely that the effect will be equal to the amount of increase in the developer's personal property assessment that results from application of the procedure. Further, assessors are advised that any determined reduction in value is a market adjustment, and is not either a Headlee or Capped Value Loss.