



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

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**DATE:** March 5, 2003

**TO:** Assessors  
Equalization Directors

**FROM:** Dennis W. Platte, Executive Secretary  
State Tax Commission

**RE:** INTERNET PROVIDERS

The State Tax Commission adopted the following definition of State-assessed telephone companies which was first used in 2002.

**Telephone companies are companies which:**

1. **Provide switching and/or routing of 2-way information of the user's choosing that is transmitted over landlines and/or landline transmission of 2-way information of the user's choosing that are voice and/or data and/or broadband, AND**
2. **Offer these services, either directly or indirectly, to the public in Michigan.**

This definition of telephone companies includes power supply and support equipment used to switch, route and transmit 2-way information for the public. This means that certain assets of companies which provide Internet access are State-assessed. However, State-assessed equipment does not include assets used to provide services such as web page hosting, web page design, consulting services and one way cable TV programming. This latter equipment must be reported by the owner/operator (taxpayer) to the local unit of government on Form 632, Personal Property Statement, and sometimes on Form 3589, Cable Television and Utility Personal Property Report.

The Utilities Valuation Section of the Property Tax Division has sent annual report forms to over 200 companies which provide Internet access. The Property Tax Division Staff will review these annual reports and determine which of the assets of Internet providers are State-assessed. The remainder of the assets of Internet providers will be locally assessed.

The State Tax Commission will provide a list of these companies to local assessors after the State-assessed roll has been completed in June and will work with local assessors to assure that the correct amount of assets of Internet providers are also locally-assessed.

Please provide this information to assessors in your county who may need it. Thank you for your assistance in this important matter.