STATE OF MICHIGAN
DEPARTMENT OF TREASURY
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DATE: December 16, 2025

TO: Assessors and Equalization Directors

FROM: Michigan State Tax Commission

SUBJECT: Interim Guidance Regarding Valuation and Assessment of Battery Energy Storage Systems

The State Tax Commission is currently evaluating its recommended procedures for valuing battery energy storage systems. This memorandum provides interim guidance. This guidance will remain in place until multiple years of verifiable data can be utilized to consider the establishment of a specific battery energy storage valuation table.

The information in this memorandum regarding the treatment of personal property associated with battery energy storage systems applies only to systems which are typical utility scale battery energy storage systems.

Battery energy storage systems are reported, classified for equalization purposes, and assessed as industrial personal property and are valued using Table (Section) E of the Personal Property Statement, Treasury Form 632 (L-4175) as this table most closely reflects current battery energy storage data analysis.

For purposes of this memorandum, the cells, environmental equipment such as the battery management system sensors, HVAC, fire suppression systems, etc., the power conversion system inverters and the MV transformers are treated as part of the battery energy storage system.

Miscellaneous personal property of the operator which is located on the site but is not an integral part of the battery management system itself should be reported and valued using the appropriate Table (Section) of Treasury Form 632 (L-4175).

Structures, and land improvements such as roads, parking lots and fences, among other features, located on the real property parcel are valued as part of the real property, using the appropriate sections of the Assessor's Manual or other authorized valuation manual or procedure. If the owner of the structure(s) or improvements is different than the owner of the real property on which the system is located, then the structure(s) or improvements are assessed as structures or improvements on leased land, pursuant to MCL 211.2(c), using the procedures contained in State Tax Commission Bulletin 8 of 2002.

For equalization purposes, the classification of real property used in association with the battery energy storage systems will be determined in accordance with the provisions of MCL 211.34c. The real property use indicated by the presence of a battery energy storage system is industrial real property. Assessors are reminded that MCL 211.34c(5) provides that if there are two or more uses of the property, the use that most significantly influences the total valuation of the parcel will determine the classification for equalization purposes. In the case of battery energy storage systems, this will frequently result in the parcel being classified as industrial real property. If only a portion of a large parcel is devoted to use as a battery energy storage system site, an assessor is authorized to establish a separate tax parcel for the real property so used, if deemed appropriate. The assessor must carefully analyze the uses of the property to determine the correct classification.

If the battery energy storage system is located on exempt real property, the assessor must often consider establishing an assessment pursuant to Act 189 of 1953 (MCL 211.181, et seq.) With certain exceptions, this act provides that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property.