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*Oakley Lardie*  
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January, 1927

# MICHIGAN FARMERS' TAX GUIDE

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R. Wayne Newton

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AGRICULTURAL EXPERIMENT STATION  
MICHIGAN STATE COLLEGE  
Of Agriculture and Applied Science

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ECONOMICS SECTION

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East Lansing, Michigan

## Contents

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	<i>Page</i>
Introduction .....	3
Assessment of real and personal property.....	4
Levying taxes .....	6
The collection of taxes .....	8
Sale and redemption of real estate delinquent for taxes..	9
Michigan farm tax calendar .....	10

# MICHIGAN FARMERS' TAX GUIDE

BY R. WAYNE NEWTON, RESEARCH ASSOCIATE

The levy and collection of taxes is entirely governed by law. The taxing officers of the State are required to levy taxes impartially and equally. However, their task is so great and so difficult that a certain amount of inequality is likely to result in spite of their best efforts. Because of this fact, the law provides means by which aggrieved taxpayers may protest against any seeming injustice.

The failure of many taxpayers to take advantage of this right is no doubt due in part to their lack of knowledge of the law. Yet failure to make a protest at the proper time places the responsibility for excessive taxation upon the taxpayer himself. The Supreme Court of Michigan has ruled upon this point, as follows:

“Every owner of land is held to know the law. He knows that his land is subject to taxation; that he must pay his fair share of the public revenue and that if he fails to do so proceedings will be taken under the law against his land. It is his duty, therefore, to watch the proceedings provided for by the statute for the foreclosure of the lien and interpose any objections he may have to the validity of the tax.”

The following pages have been prepared to serve as a guide to taxpayers, so that they may know their rights and privileges in regard to general taxation. The provisions of the law, as restated here, apply particularly to unincorporated places, and for this reason will be of greatest service to farmers and others living or owning property outside of cities and villages. The statement applies to cities and villages only in so far as the general or special laws or charters governing such places do not provide otherwise.

It should also be borne in mind that the full text of the law contains many provisions and clauses which do not have general application and which are not of such wide interest as to warrant their inclusion here. This statement is, therefore, a summary of the law and not a full and complete statement of it. The taxpayer who believes, after reading this publication, that he is entitled to take steps in regard to his assessment or taxes should consult with his attorney or with one of the following officials each of whom has been provided with a full copy of the General Tax Laws:

The township supervisor;  
The township clerk;  
The county clerk;  
The county treasurer.

Taxpayers living in cities or villages may obtain information from city or village officials corresponding to those named for townships or from the county officials listed above.

### Assessment of Real and Personal Property

Election of tax officers at annual township meeting.

A township supervisor and a member of the township board of review are elected at the annual township meeting, the first Monday in April. The township meeting is open to all qualified electors of the township.

Taxpayer to make a sworn statement of taxable property.

The township supervisor is also the township assessor, and immediately after his election he begins the assessment of property in his township. The assessor is required to obtain from each person of full age and sound mind a statement of all taxable property which he owns or holds for the use of another. The law requires that this information be given in the form of a sworn statement. If the person denies that he has any taxable property, the assessor is also required to obtain a statement under oath to this effect. The assessor, however, is not bound to rely entirely upon the sworn statement of the taxpayer. His duty is to assess to the best of his ability all property at its cash value. He may raise or lower the figures given him by the taxpayer if he thinks this necessary in order to show the cash value of the property reported. He may also add, whenever he finds it, property not given in by the taxpayer.

Certain kinds of property are exempt from taxation, by law. The following exemptions are available to properly qualified taxpayers:

**Exemptions.**

1. The real and personal property of persons who by reason of poverty are unable, in the opinion of the supervisor and board of review, to pay taxes may be exempted.
2. An exemption of \$2,000 is allowed on the homesteads of veterans of the Spanish-American, Civil, or Mexican wars, or to the wives or widows of such veterans; but this provision does not apply in case the total amount of taxable property owned by the person has a value of over \$5,000.
3. Each person is entitled to deduct his debts from the value of the amounts, in the form of bills, owed to him by others.
4. Household furniture, provisions, and fuel are exempt up to \$500 for each household.
5. The working tools of a mechanic are exempt up to \$100.
6. All mules, horses, and cattle not over one year old, and sheep and swine not over six months old are exempt.
7. Personal property owned by any householder and used in connection with his business is exempt up to a value of \$200.
8. Bonds issued by any county, township, city, village, or school district within the State of Michigan are exempt.
9. Cut-over or wild lands which are purchased for the purpose of making a home are exempt, under certain conditions, from all taxes for five years if proper application is made to the supervisor at the time of assessment.



In addition to these exemptions, owners of tracts of not over 160 acres of land of which at least one-half is improved and devoted to agricultural purposes may set aside under the provisions of the Woodlot Tax Act of 1917 as much as one-fourth of the total area as a private forest reserve. Owners desiring to take advantage of this provision must file papers with the county treasurer of the county where the land is located, and must comply with certain regulations as to planting and caring for trees, replanting when trees are cut, and restricting the use of the land for pasture. When the law has been complied with in these and other respects, the supervisor is authorized to exempt the private forest reserve from taxation except on a valuation of one dollar per acre. However, all timber, except firewood and building material for the use of the owner or his tenant, cut from a private forest reserve, is subject to a tax of five per cent of its value at the time of cutting. With the exceptions noted above, no timber is to be removed from the land until a return of the measurement or count, and the variety and the value of the trees cut has been made to the assessor.

**Private forest reserves.**

Commercial forest reserves may be established on certain cut-over lands which are chiefly valued for their ability to grow trees. Upon making application to the Department of Conservation and upon complying with the regulations established by that department, lands of this type may be approved as a commercial forest reserve. The taxation of such land is limited to an annual specific tax of five cents per acre on pine lands and ten cents per acre on hardwood lands. However, before merchantable forest products can be cut and removed from a commercial forest reserve, a permit to cut must be obtained from the Department of Conservation. The owner must pay a yield tax of 25 per cent of the value of the products of the reserve.

**Commercial forest reserves.**

The assessment of property must be completed by the supervisor on the first Monday in June. On the following day, the township board of review which is composed of the supervisor and two other elected members meets to correct the assessment roll. *Any person may appear at this meeting and give information as to property omitted by the supervisor.*

**Board of review meets to correct assessment roll.**

On the second Monday in June and on the day following, the township board of review meets at the office of the supervisor to hear and adjust complaints against the assessments made by the supervisor. *Any person affected by the assessment may appear to protest the assessment of his own or another's property.* If further action is to be taken on account of an assessment deemed unjust, it is necessary to protest before the local board of review at this time.

**Board of review hears complaints.**

After the action of the board of review, and before the assessment rolls are turned over to the township treasurers for the collection of taxes, the rolls may be reviewed by one or more Commissioners of the State Tax Department or by a representative of that department. If, in the course of this examination or through the written complaint of any taxpayer, it appears that

**Review of assessment rolls by State Tax Department.**

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**Review of assessment rolls by State Tax Department.**



any taxable property has been omitted from the rolls or that individual assessments have not been made in compliance with the law, the State Tax Department may arrange for a hearing within the county on such doubtful assessments. Any assessment reviewed by one or more Commissioners of the State Tax Department must stand as approved by these officers for three years unless the State Tax Department gives written consent to a change before that date.

County board of supervisors equalizes assessments.

The county board of supervisors (township and city supervisors of the county) meets on the fourth Monday of June to equalize assessments of real and personal property as between the various townships, wards, and cities of the county. Any supervisor who believes that his district has been unjustly equalized is entitled to appeal to the State Tax Department from the action of the county board.

Equalization by the State Board of Equalization.

The final step in the assessment of general property is the action of the State Board of Equalization (Auditor General, Commissioner of Agriculture, and the three Commissioners of the State Tax Department). This board meets at Lansing on the third Monday in August. It is empowered to equalize assessments between the various counties of the State. After hearing the official representatives of the counties, and after reviewing evidence submitted by the State Tax Department as to the true value of all taxable property in the several counties, the Board of Equalization adds to or deducts from the assessed valuations of the counties such amounts as, in its judgment, will cause all property in the State to be equalized at cash value. The action of this board is final.

### Levying Taxes

The annual tax paid on general property in Michigan goes to meet the costs of state, county, township, and school district governments. In cities and incorporated villages, there is an additional tax for the support of these municipal governments.

Township road taxes.

*Township road taxes are voted by the electors of the township at the annual meeting the first Monday in April.* Residents of incorporated villages included in the township may vote on road improvement taxes but not on road repair taxes. If the annual township meeting neglects or refuses to vote road improvement or repair taxes, the township board, acting with the road commissioner, is empowered to authorize such levies.

Additional township road funds.

When an emergency arises and it is the opinion of the highway commissioner that the road funds voted by the annual township meeting are insufficient, or when 15 or more land owners of the township sign a petition for more road funds, the commissioner and the township board, acting jointly, may vote additional funds, not exceeding \$1,000, to be raised by township taxes. *If the additional sum needed is over \$1,000, the matter must be submitted to an annual or special township meeting to be voted on by the electors.*



Upon the petition of 25 landowners, the township board may submit the question of a bond issue for road purposes to the voters at a township meeting or an election. However, bond issues for road purposes are limited to an amount equal to five per cent of the assessed valuation of the township, and *the bonds much receive a majority vote to carry.*

**Township  
road  
bonds.**

*Taxes to meet the ordinary expenses of the township may be voted at a township meeting,* but the township board is empowered to vote any necessary taxes for ordinary expense which the township meetings do not vote. The board is also authorized to vote taxes, without the action of the voters, to meet any obligations such as court orders, bond interest, or principal, which accrue against the township.

**Township  
general  
levies.**

The annual meetings of the school districts are held on the second Monday in June or on the second Monday in July, the date varying by districts. *Certain school taxes may be voted at this or any special meeting of the school district called for the purpose.* Only citizens of the United States who are 21 years of age and who are residents and taxpayers in the district can vote on school district taxes at these meetings. Taxes may be voted at these meetings for the purchase, building, or hiring of a school house, and for other purposes not otherwise provided for by law. School bonds may also be voted at school district meetings. The district school board, elected at the annual meeting, has authority to vote taxes necessary to pay the running expenses of the school. These expenses are school furnishings, teachers' salaries, transportation of pupils, and similar items.

**School  
district  
levies.**

On or before Sept. 1 of each year, the Auditor General determines, from the various statutes and acts of the legislature which require the levy of state taxes on general property, the amount of state taxes to be raised for the year. He apportions these taxes between the counties on the basis of the valuation of each as fixed by the State Board of Equalization in August. The Auditor General reports to the county clerks the amount of state taxes apportioned to each county. This report is made before the date of the October meeting of the county boards of supervisors. The Auditor General also reports at this time the amount of any debt which the county may owe to the state, which is to be met by county taxes unless otherwise paid by October 1.

**State  
tax  
levies.**

On the second Monday of October, the county board of supervisors meets to determine the amount of county taxes to be levied. These levies are used to pay county officers, to meet county debts and judgments against the county, to pay for road building and repairs, and for certain other purposes.

**County  
tax  
levies.**

The board of supervisors in counties with an assessed valuation of \$10,000,000 or over cannot borrow or raise by taxation more than the proceeds of a tax of one-tenth of one mill in any one year for constructing or repairing public buildings or bridges, unless authorized to do so by the voters at an election. The board of supervisors in counties where the assessed valuation is less than \$10,000,000 may levy or borrow not over \$1,000 for the above

named purposes, annually, and any additional amounts which the voters may approve by a majority vote.

**Apportionment of State and county taxes among townships.**

The board of supervisors also apportions state and county taxes among the townships according to the assessed valuation of each as determined by the board at its June meeting, or as determined by the later review by the Commissioners of the State Tax Department.

**Hearing on township levies.**

At the same meeting, proposed township, school, road, drain, and other tax levies are reviewed by the county board of supervisors. *An opportunity is given for a hearing of objections against these levies on the part of persons affected.*

**Supervisor prepares tax roll.**

After the October meeting of the county board of supervisors, the township supervisor apportions the township, county, and state taxes payable in his township according to the assessment made by the township board of review in June, and prepares the township tax roll.

### The Collection of Taxes

**Collections, Dec. 1 to Jan. 10.**

The collection of state, county, and township taxes begins the first day of December. The township treasurer is required by law to be in his office from 9:00 a. m. to 5:00 p. m. every Friday in December to receive taxes, but he is authorized to receive them on any other week day on which they may be offered. A collection fee of one per cent is added to the tax bill from December 1 to January 9, inclusive.

**Collections, Jan. 10 to March 1.**

On January 10, the collection fee on all taxes not yet paid is increased to four per cent. After this date, the township treasurer is required to make a demand in person upon all property owners living in the township for the taxes due. Upon their refusal to pay, the treasurer is authorized to seize and sell their personal property in sufficient amount to pay the taxes. An additional charge of \$1.50 for sale expenses may be imposed when a sale is made. If unable otherwise to collect for personal taxes, the treasurer may sue for the taxes, and collect from persons owing debts to the delinquent taxpayer.

**When tenants may pay.**

A renter of real estate may pay the taxes on the rented property and deduct the amount paid from his rent unless he has previously agreed not to do this.

**Lands deeded to State for taxes.**

Taxes assessed on land will be dropped if the land is deeded to the state free of all incumbrances within 10 days after the seizure for taxes of the personal property of the owner.

**Collections after March 1**

The township treasurer continues to collect taxes on personal property throughout the year, but real estate taxes which are paid after March 1 must be paid to the county treasurer. In addition to the four per cent collection fee previously imposed, persons paying real estate taxes after March 1 must also pay an interest charge of three-fourths of one per cent per month or part of a month from March 1 until the date of payment. A further charge of one dollar is added on all descriptions of land on which taxes remain unpaid on October 1, one year and 10 months after the tax was first payable.



## Sale and Redemption of Real Estate Delinquent for Taxes

Whenever land has been delinquent for taxes for two years or longer, it is liable to be sold for taxes. Owners of delinquent land usually will be sent written notice of the proposed sale at least 30 days in advance. Before such a sale takes place, it is also necessary that a hearing be had in the circuit court of the county in which the land is located. Notice of this hearing will be published in one newspaper of the county at least once a week for four successive weeks before the hearing. Owners may appear at these hearings and protest against the legality of the tax which was assessed against their property.

**Circuit court hearing on tax sale petition.**

If the owner appears in court and protests the legality of the taxes remaining unpaid and the court rules against his claim, he may appeal to the Supreme Court upon depositing with the county treasurer within 10 days after the hearing the amount decreed against his land by the lower court. If the taxpayer receives a favorable decision from the Supreme Court, the full amount so deposited will be returned to him. If the decree of the circuit court is in favor of the taxpayer, either the county treasurer or the Auditor General may appeal to the Supreme Court.

**Appeal to Supreme Court.**

The circuit court may withhold from sale any lands which are shown to be the property of minors or insane persons who are without legal guardians. Action on such lands may be postponed until legal guardians can be appointed. Even where the sale has already taken place, the court has authority to cancel such sale when it is shown that such incompetent owners were without legal guardians at the time of the sale.

**When lands of minors and insane persons may be withheld from sale.**

Lands approved by the circuit court to be sold for taxes are sold by the county treasurer on the first Tuesday in May. The sale begins at 10:00 a. m. and continues daily, except for Sundays and legal holidays, until each description of delinquent lands has been offered twice. If the land cannot be sold for enough to pay all taxes and charges against it at the second offering, it is bid in for the state.

**Sale of land for taxes.**

At any time after the annual tax sale is closed, any lands bid off to the state can be purchased from the Auditor General for the amount of the taxes and charges against the land at the time of sale plus interest at one per cent per month or fraction of a month from the date of the sale until the date of such purchase.

**Purchase after tax sale.**

The former owner of lands which have been sold for taxes may redeem such land at any time before the first Tuesday in May in the year following the sale. To do this the former owner must pay the county treasurer or the Auditor General the total amount of the charges against the land at the time of sale, plus interest at one per cent per month or fraction of a month from the time of sale until the date of the redemption.

**Redemption of lands sold for taxes.**

**Michigan Farm Tax Calendar**

## JANUARY

January 1-9, inclusive. Taxes receivable by township treasurer with one per cent collection fee.

January 10. Tax collection fee increases from one per cent to four per cent. Township treasurer begins making personal demands for unpaid taxes. Township treasurer authorized to seize and sell personal property for all taxes on refusal of demand for taxes.

## FEBRUARY

Personal demands for taxes and sales of personal property for taxes by township treasurer continue throughout the month.

## MARCH

First Tuesday. Regular meeting of the Commissioners of the State Tax Department.

Real estate taxes payable to the county treasurer with added interest at the rate of  $\frac{3}{4}$  of one per cent per month or part of month from March 1.

Township treasurer continues the collection of personal taxes.

## APRIL

First Monday. Annual township meeting. Township appropriations, road taxes, and bond issues are voted. Township supervisor, (assessor), and one other member of the township board of review are elected.

Supervisor begins the annual assessment of real and personal property.

Notices of proposed tax sales of real estate mailed to owners.

Watch papers for notices of hearings on tax sales of real estate.

County treasurer continues to receive taxes and interest due on real estate.

## MAY

First Tuesday. Beginning of sale of real estate delinquent for taxes for two years or more. Sale conducted by county treasurer.

Township supervisor continues the assessment of real and personal property.

## JUNE

First Monday. Township supervisor completes assessment roll.

Tuesday following first Monday. Township board of review meets to correct assessment roll.

First Tuesday. Regular meeting of the Commissioners of the State Tax Department.

Second Monday. Annual meetings of school districts at which certain school district taxes are voted. (In some districts this meeting is the second Monday in July.)

Second Monday and following Tuesday. Township board of review meets to hear and adjust complaints of taxpayers against the assessment roll. *Any taxpayer may make a written protest to the State Tax Department, complaining of assessments made by the township board of review.*

Fourth Monday. County board of supervisors meets to equalize assessments between townships, wards, and cities.



## JULY

First Tuesday. Regular meeting of the Commissioners of the State Tax Department.

Second Monday. Annual meetings of school districts at which certain school district taxes are voted.

Commissioners of State Tax Department visit counties to review assessment rolls and investigate complaints against assessments.

## AUGUST

First Tuesday. Regular meeting of the Commissioners of the State Tax Department.

Third Monday. State Board of Equalization, (Auditor General, Commissioner of Agriculture, and the three Tax Commissioners), equalizes assessed valuations between counties by increasing or decreasing the total valuation of real and personal property.

Commissioners of State Tax Department continue visiting the counties.

## SEPTEMBER

September 1. Auditor General determines the amount of State taxes on or before this date. Apportions the tax among counties before the second Monday in October.

First Tuesday. Regular meeting of the Commissioners of the State Tax Department.

Commissioners of the State Tax Department continue visiting the counties.

## OCTOBER

October 1. A State charge of one dollar is added to penalties on real estate delinquent for one year and ten months.

First Tuesday. A regular meeting of the Commissioners of the State Tax Department.

Second Monday. County board of supervisors hears objections of taxpayers to proposed township appropriations and levies. Board fixes township levies and apportions state and county taxes among township, wards, and cities.

Commissioners of the State Tax Department continue visiting counties.

## NOVEMBER

Township supervisors prepare tax rolls in this month.

*Prepare to pay annual taxes in December or early in January and avoid increased collection fee.*

## DECEMBER

Tax collection begins December 1. Township treasurer's office open from 9:00 a. m. to 5:00 p. m. every Friday in December, but taxes may be received on any other week day not a legal holiday.