



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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BULLETIN NO. 4 of 2009
RIGHT OF WAY EASEMENTS
April 14, 2009

TO: Assessors
Equalization Directors

FROM: State Tax Commission (STC)

RE: **Right-of-Way Easements; Change to the State Tax Commission Manual**

The purpose of this Bulletin is to provide assessors with a change to the State Tax Commission Manual related to Right-of-Way Easements. Specifically, Chapter 12 of the manual, page 12-9 indicates:

Utilities often purchase permanent easements to use lands rather than obtain fee ownership for the right-of-way. Pursuant to MCL 211.8(g), the easements of electric, gas and waterworks companies are to be assessed as personal property. Easements should be reported annually by the taxpayer at original cost on the personal property statement. The reported cost of the rights-of-way or easements should only be the amount paid to the owner in fee excluding any payment for damages or indirect costs incurred to acquire the right-of-way or easement. The reported cost is not to be reduced by application of personal property multipliers but is to be assessed at 50% of the reported cost.

Effective with the issuance of this Bulletin, the manual is changed to read as follows (*bold/italics* and ~~strikethrough~~ identify the change):

Utilities often purchase permanent easements to use lands rather than obtain fee ownership for the right-of-way. Pursuant to MCL 211.8(g), the easements of electric, gas and waterworks companies are to be assessed as personal property. Easements should be reported annually by the taxpayer at original cost on the personal property statement. ~~The reported cost of the rights-of-way or easements should only be the amount paid to the owner in fee excluding any payment for damages or indirect costs incurred to acquire the right of way or easement.~~ *Right-of-Way or easement costs should include all costs associated with acquiring the easement. This should include any indirect costs incurred by the utility, including but not limited to survey and title change costs.* The reported cost is not to be reduced by application of personal property multipliers but is to be assessed at 50% of the reported cost.