

SENATE BILL No. 830

October 19, 1999, Introduced by Senators SIKKEMA, MC MANUS, EMMONS, STILLE, GOUGEON, BULLARD, HAMMERSTROM and HOFFMAN and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 9 (MCL 211.9), as amended by 1996 PA 582.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. The following personal property is exempt from
2 taxation:

3 (a) The personal property of charitable, educational, and
4 scientific institutions incorporated under the laws of this
5 state. This exemption does not apply to secret or fraternal
6 societies, but the personal property of all charitable homes of
7 ~~the~~ SECRET OR FRATERNAL societies and OF nonprofit corporations
8 that own and operate facilities for the aged and chronically ill
9 in which the net income from the operation of the corporations
10 does not inure to the benefit of a person other than the
11 residents is exempt.

1 (b) The property of all library associations, circulating
2 libraries, libraries of reference, and reading rooms owned or
3 supported by the public and not used for gain.

4 (c) The property of posts of the grand army of the republic,
5 sons of veterans' unions, and of the women's relief corps con-
6 nected with them, of young men's Christian associations, women's
7 Christian temperance union associations, young people's Christian
8 unions, a boy or girl scout or camp fire girls organization, 4-H
9 clubs, and other similar associations.

10 (d) Pensions receivable from the United States.

11 (e) The property of Indians who are not citizens.

12 (f) The personal property owned and used by a householder
13 such as customary furniture, fixtures, provisions, fuel, and
14 other similar equipment, ~~and the~~ wearing apparel including per-
15 sonal jewelry, family pictures, school books, library books of
16 reference, and allied items. Personal property is not exempt
17 under this subdivision if it is used to produce income, if it is
18 held for speculative investment, or if it constitutes an inven-
19 tory of goods for sale in the regular course of trade.

20 (g) Household furnishings, provisions, and fuel ~~to the~~
21 ~~state equalized value~~ of not more than \$5,000.00 IN TAXABLE
22 VALUE, of each social or professional fraternity, sorority, and
23 student cooperative house recognized by the educational institu-
24 tion at which it is located.

25 (h) The working tools of a mechanic ~~to the state equalized~~
26 ~~value~~ of not more than \$500.00 IN TAXABLE VALUE. "Mechanic", as
27 used in this subdivision, means a person skilled in a trade

1 pertaining to a craft or in the construction or repair of
2 machinery if the person's employment by others is dependent on
3 his or her furnishing the tools.

4 (i) Fire engines and other implements used in extinguishing
5 fires owned or used by an organized or independent fire company.

6 (j) Property actually ~~being~~ used in agricultural opera-
7 tions and ~~the~~ farm implements held for sale or resale by retail
8 servicing dealers for use in agricultural production. As used in
9 this subdivision, "agricultural operations" means farming in all
10 its branches, including cultivation of the soil, growing and har-
11 vesting of an agricultural, horticultural, or floricultural com-
12 modity, dairying, raising of livestock, bees, fur-bearing ani-
13 mals, or poultry, turf and tree farming, raising and harvesting
14 of fish, and any practices performed by a farmer or on a farm as
15 an incident to, or in conjunction with, farming operations, but
16 excluding retail sales and food processing operations. Property
17 used in agricultural operations includes machinery used to pre-
18 pare the crop for market operated incidental to a farming opera-
19 tion that does not substantially alter the form, shape, or sub-
20 stance of the crop and is limited to cleaning, cooling, washing,
21 pitting, grading, sizing, sorting, drying, bagging, boxing, crat-
22 ing, and handling if not less than 33% of the volume of the crops
23 processed in the year ending on the applicable tax day or in at
24 least 3 of the immediately preceding 5 years were grown by the
25 farmer in Michigan who is the owner or user of the crop process-
26 ing machinery.

1 (k) Personal property ~~to the state equalized value~~ of not
2 more than \$500.00 IN TAXABLE VALUE used by a householder in the
3 operation of a business in the householder's dwelling or at 1
4 other location in the city, township, or village where the house-
5 holder resides.

6 (l) The products, materials, or goods processed or otherwise
7 and in whatever form, but expressly excepting alcoholic bever-
8 ages, located in a public warehouse, United States customs port
9 of entry bonded warehouse, dock, or port facility on December 31
10 of each year, if those products, materials, or goods are desig-
11 nated as in transit to destinations ~~out of~~ OUTSIDE THIS state
12 pursuant to the published tariffs of a railroad or common carrier
13 by ~~the filing of~~ the freight bill covering the products,
14 materials, or goods with the agency designated by the tariffs,
15 ~~so as to entitle~~ ENTITLING the shipper to transportation rate
16 privileges. Products in a United States customs port of entry
17 bonded warehouse that arrived from another state or a foreign
18 country, whether awaiting shipment to another state or to a final
19 destination within this state, are considered to be in transit
20 and temporarily at rest, and not subject to personal property
21 taxation. To obtain AN exemption FOR PRODUCTS, MATERIALS, OR
22 GOODS UNDER THIS SUBDIVISION, the owner shall file a sworn state-
23 ment with, and in the form required by, the assessing officer of
24 the tax district in which the warehouse, dock, or port facility
25 is located, at a time between the tax day, December 31, and
26 before ~~closing of~~ the ASSESSING OFFICER CLOSES THE assessment
27 rolls ~~by the assessing officer,~~ describing the products,

1 materials, or goods, and reporting their cost and value as of
2 December 31 of each year. The status of persons ~~—~~ and pro-
3 ducts, materials, or goods for which AN exemption is requested
4 ~~shall be~~ IS determined as of December 31, which ~~shall be~~ IS
5 the tax day. ~~The assessment on the basis of average monthly~~
6 ~~inventory does not apply in valuing products, materials, or goods~~
7 ~~for which exemption is requested.~~ Any property located in a
8 public warehouse, dock, or port facility on December 31 of each
9 year ~~—, which~~ THAT is exempt from taxation under this subdivi-
10 sion but ~~which~~ THAT is not shipped outside ~~the~~ THIS state
11 pursuant to the particular tariff under which the transportation
12 rate privilege was established ~~—~~ shall be assessed upon the
13 ~~next~~ IMMEDIATELY succeeding or a subsequent assessment roll by
14 the assessing officer and taxed at the same rate of taxation as
15 other taxable ~~properties~~ PROPERTY for the year or years for
16 which the property was exempted ~~—~~ to the owner at the time of
17 the omission ~~—~~ unless the owner or person entitled to posses-
18 sion of the products, materials, or goods is a resident of, or
19 authorized to do business in, this state and files with the
20 assessing officer, with whom statements of taxable property are
21 required to be filed, a statement under oath that the products,
22 materials, or goods are not for sale or use in this state and
23 will be shipped to a point or points outside this state. If a
24 person, firm, or corporation claims exemption by ~~the~~ filing
25 ~~of~~ a sworn statement, the person, firm, or corporation shall
26 append to the statement of taxable property required to be filed
27 in the ~~next~~ IMMEDIATELY SUCCEEDING year or, if a statement of

1 taxable property is not filed for the ~~next~~ IMMEDIATELY
2 SUCCEEDING year, TO a sworn statement FILED on a form required by
3 the assessing officer, ~~shall be filed showing~~ a complete list
4 of the property for which the exemption was claimed with a state-
5 ment of the manner of shipment and of the point or points to
6 which the products, materials, or goods were shipped from the
7 public warehouse, dock, or port facility. ~~and~~ THE ASSESSING
8 OFFICER SHALL ASSESS the products, materials, or goods not
9 shipped to a point or points outside this state ~~shall be~~
10 ~~assessed~~ upon the ~~next~~ IMMEDIATELY succeeding assessment roll
11 ~~,~~ or on a subsequent assessment roll ~~by the assessing officer~~
12 and THE PRODUCTS, MATERIALS, OR GOODS SHALL BE taxed at the same
13 rate of taxation as other taxable ~~properties~~ PROPERTY for the
14 year or years for which the property was exempted ~~,~~ to the
15 owner at the time of the omission. The records, accounts, and
16 books of warehouses, docks, or port facilities, individuals,
17 partnerships, corporations, owners, or those in possession of
18 tangible personal property shall be open to and available for
19 inspection, examination, or auditing by assessing officers. A
20 warehouse, dock, ~~or~~ port facility, individual, partnership,
21 corporation, owner, or person in possession of tangible personal
22 property shall report within 90 days after shipment of products,
23 materials, or goods in transit, for which AN exemption under this
24 section was claimed or granted, the destination of shipments or
25 parts of shipments and the cost value of those shipments OR PARTS
26 OF SHIPMENTS to the assessing officer. ~~For failure to comply~~
27 ~~with this requirement, the~~ A warehouse, dock, ~~or~~ port

1 facility, individual, partnership, corporation, or owner is
2 subject to a fine of \$100.00 for each ~~omission~~ FAILURE TO
3 REPORT THE DESTINATION AND COST VALUE OF SHIPMENTS OR PARTS OF
4 SHIPMENTS AS REQUIRED IN THIS SUBDIVISION. A person, firm, indi-
5 vidual, partnership, corporation, or owner failing to report pro-
6 ducts, materials, or goods located in a warehouse, dock, or port
7 facility to the assessing officer is subject to a fine of \$100.00
8 and a penalty of 50% of the final amount of taxes found to be
9 assessable for the year on property not reported, the assessable
10 taxes and penalty to be spread on a subsequent assessment roll in
11 the same manner as general taxes on personal property. For the
12 purpose of this subdivision, a public warehouse, dock, or port
13 facility means a warehouse, dock, or port facility owned or oper-
14 ated by a person, firm, or corporation engaged in the business of
15 storing products, materials, or goods for hire for profit who
16 issues a schedule of rates for storage of the products, materi-
17 als, or goods and who issues warehouse receipts pursuant to ~~Act~~
18 ~~No. 303 of the Public Acts of 1909, being sections 443.50 to~~
19 ~~443.55 of the Michigan Compiled Laws~~ 1909 PA 303, MCL 443.50 TO
20 443.55. A United States customs port of entry bonded warehouse
21 means a CUSTOMS warehouse within a classification designated by
22 19 C.F.R. 19.1 and ~~which~~ THAT is located in a port of entry, as
23 defined by 19 C.F.R. ~~101.1(m)~~ 101.1. A portion of a public
24 warehouse, United States customs port of entry bonded warehouse,
25 dock, or port facility leased to a tenant or a portion of any
26 premises owned or leased or operated by a consignor or consignee
27 or an affiliate or subsidiary of the consignor or consignee

1 ~~shall~~ IS not ~~be considered~~ a public warehouse, dock, or port
2 facility.

3 (m) Personal property owned by a bank or trust company orga-
4 nized under the laws of this state, A national banking associa-
5 tion, or AN incorporated bank holding company as defined in sec-
6 tion 2 of the bank holding company act of 1956, chapter 240,
7 70 Stat. 133, 12 U.S.C. 1841, that controls a bank, national
8 banking association, trust company, or industrial bank subsidiary
9 located in this state. ~~However, buildings~~ BUILDINGS owned by a
10 state or national bank, trust company, or incorporated bank hold-
11 ing company and situated upon lands of which the state or
12 national bank, trust company, or incorporated bank holding com-
13 pany is not the owner of the fee are considered real property and
14 are not exempt from taxation. ~~and personal~~ PERSONAL property
15 owned by a state or national bank, trust company, or incorporated
16 bank holding company that is leased, loaned, or otherwise made
17 available to and used by a private individual, association, or
18 corporation in connection with a business conducted for profit is
19 not exempt from taxation.

20 (n) Farm products, processed or otherwise, the ultimate use
21 of which is for human or animal consumption as food, except wine,
22 beer, and other alcoholic beverages regularly placed in storage
23 in a public warehouse, dock, or port facility ~~—~~ while in stor-
24 age are considered in transit and only temporarily at rest ~~—~~
25 and are not subject to personal property taxation. The assessing
26 officer is the determining authority as to what constitutes, is
27 defined as, or classified as, farm products as used in this

1 subdivision. The records, accounts, and books of warehouses,
2 docks, or port facilities, individuals, partnerships, corpora-
3 tions, owners, or those in possession of farm products shall be
4 open to and available for inspection, examination, or auditing by
5 assessing officers.

6 (o) Sugar, in solid or liquid form, produced from sugar
7 beets, ~~and~~ dried beet pulp, and beet molasses ~~, when~~ IF owned
8 or held by processors.

9 (p) The personal property of a parent cooperative
10 preschool. As used in this subdivision and section 7z, "parent
11 cooperative preschool" means a nonprofit, nondiscriminatory edu-
12 cational institution maintained as a community service and admin-
13 istered by parents of children currently enrolled in the pre-
14 school, that provides an educational and developmental program
15 for children younger than compulsory school age, that provides an
16 educational program for parents, including active participation
17 with children in preschool activities, that is directed by quali-
18 fied preschool personnel, and that is licensed ~~by the department~~
19 ~~of social services~~ under ~~Act No. 116 of the Public Acts of~~
20 ~~1973, being sections 722.111 to 722.128 of the Michigan Compiled~~
21 ~~Laws~~ 1973 PA 116, MCL 722.111 TO 722.128.

22 (q) All equipment used exclusively in wood harvesting, but
23 not including portable or stationary sawmills or other equipment
24 used in secondary processing operations. As used in this subdi-
25 vision, "wood harvesting" means ~~the~~ clearing ~~of~~ land for
26 forest management purposes, ~~the~~ planting ~~of~~ trees, ~~and~~ all

1 forms of cutting or chipping ~~of~~ trees, and ~~the~~ loading ~~of~~
2 ~~them~~ TREES on trucks for removal from the harvest area.

3 (r) Liquefied petroleum gas tanks located on residential or
4 agricultural property ~~and~~ used to store liquefied petroleum gas
5 for residential or agricultural property use. As used in this
6 subdivision, "liquefied petroleum gas" means that term as defined
7 in section 51 of ~~Act No. 150 of the Public Acts of 1927, being~~
8 ~~section 207.151 of the Michigan Compiled Laws~~ 1927 PA 150,
9 MCL 207.151.

10 (s) Water conditioning systems used for a residential
11 dwelling.

12 (T) THE PERSONAL PROPERTY OF A FARMERS' COOPERATIVE IF THAT
13 PERSONAL PROPERTY WOULD BE EXEMPT UNDER SUBDIVISION (J) IF OWNED
14 BY A MEMBER OF THAT FARMERS' COOPERATIVE. AS USED IN THIS SUBDI-
15 VISION, "FARMERS' COOPERATIVE" MEANS THAT TERM AS DESCRIBED IN
16 SECTION 521(b)(1) OF THE INTERNAL REVENUE CODE OF 1986.