

REPRINT

SUBSTITUTE FOR

SENATE BILL NO. 1238

(As passed the Senate November 14, 2002)

A bill to amend 1905 PA 282, entitled

"An act to provide for the assessment of the property, by whomsoever owned, operated or conducted, of railroad companies, union station and depot companies, telegraph companies, telephone companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, and fast freight companies, and all other companies owning, leasing, running or operating any freight, stock, refrigerator, or any other cars, not being exclusively the property of any railroad company paying taxes upon its rolling stock under the provisions of this act, over or upon the line or lines of any railroad or railroads in this state, and for the levy of taxes thereon by a state board of assessors, and for the collection of such taxes, and to repeal all acts or parts of acts contravening any of the provisions of this act,"

by amending sections 4, 5, and 9 (MCL 207.4, 207.5, and 207.9), sections 4 and 9 as amended by 1995 PA 257.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) The state board of assessors shall annually
2 determine the true cash value and taxable value of property
3 having a situs in this state of ~~railroad~~ ALL OF THE FOLLOWING:

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- 1 (A) RAILROAD companies. ~~, union~~
2 (B) UNION station and depot companies. ~~, telegraph~~
3 (C) TELEGRAPH companies. ~~, telephone~~
4 (D) TELEPHONE companies. ~~, sleeping~~
5 (E) SLEEPING car companies. ~~, express~~
6 (F) EXPRESS companies. ~~, car~~
7 (G) CAR loaning companies. ~~, stock~~
8 (H) STOCK car companies. ~~, refrigerator~~
9 (I) REFRIGERATOR car companies. ~~, fast~~
10 (J) FAST freight line companies. ~~, and all~~
11 (K) ALL other companies owning, leasing, running, or operat-
12 ing any freight, stock, refrigerator, or any other cars not the
13 exclusive property of a railroad company paying taxes on its
14 rolling stock under ~~the provisions of~~ this act, over or on the
15 line or lines of any railroad in this state.
- 16 (2) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2005, THE
17 STATE BOARD OF ASSESSORS SHALL ANNUALLY DETERMINE THE TRUE CASH
18 VALUE AND TAXABLE VALUE OF PROPERTY HAVING A SITUS IN THIS STATE
19 OF TELEGRAPH COMPANIES AND TELEPHONE COMPANIES IN THE SAME MAN-
20 NERS AS PROPERTY ASSESSED UNDER THE GENERAL PROPERTY TAX ACT,
21 1893 PA 206, MCL 211.1 TO 211.157.
- 22 (3) The property of a telegraph and telephone company with
23 gross receipts within this state for a year ending December 31 of
24 not more than \$1,000.00 is exempt from taxation under this act.
- 25 (4) All telegraph and telephone companies doing business in
26 this state shall make the report required ~~by~~ UNDER section 6.

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1 Sec. 5. (1) ~~The term property, as~~ AS used in this act,
2 ~~shall be deemed to include~~ "PROPERTY" MEANS 1 OF THE
3 FOLLOWING:

4 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (B), all
5 property, real or personal, belonging to the persons, corpora-
6 tions, companies, copartnerships, and associations subject to
7 taxation under this act, including ~~the right of way~~
8 RIGHTS-OF-WAY, road ~~bed~~ BEDS, stations, cars, rolling stock,
9 tracks, wagons, horses, office furniture, telegraph and telephone
10 poles, wires, conduits, switchboards, ~~and~~ all other property
11 used in carrying on their business and owned by them respective-
12 ly, ~~and~~ all other real and personal property, and all
13 franchises. ~~, said franchises~~ FRANCHISES SHALL not ~~to~~ be
14 directly assessed, but ~~to be taken into consideration~~ SHALL BE
15 CONSIDERED in determining the value of the other property. ~~+~~
16 ~~Provided, however, That this definition shall~~ PROPERTY DOES not
17 include, apply to, or subject to taxation ~~, such~~ PROPERTY OR
18 real ~~estate as is~~ PROPERTY owned and ~~can be~~ CAPABLE OF BEING
19 conveyed by ~~such~~ THE persons, corporations, companies,
20 copartnerships, and associations ~~under the laws of this state~~
21 ~~which~~ SUBJECT TO TAXATION UNDER THIS ACT THAT is not actually
22 occupied in the exercise of their franchises, or in use in the
23 ~~proper~~ operation and conduct of their business. ~~;~~ but such
24 real estate so excepted shall be liable

25 (B) FOR TELEGRAPH COMPANIES AND TELEPHONE COMPANIES ONLY,
26 FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2005, ONLY PROPERTY
27 THAT WOULD BE SUBJECT TO THE COLLECTION OF TAXES UNDER THE

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1 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157, IF
2 THAT PROPERTY WERE NOT SUBJECT TO TAXATION UNDER THIS ACT.

3 (2) REAL PROPERTY EXEMPT FROM THE TAX LEVIED UNDER THIS ACT
4 UNDER SUBSECTION (1) IS SUBJECT to taxation in the same manner,
5 ~~and~~ for the same purposes, ~~and~~ to the same extent, and
6 subject to the same conditions and limitations as ~~to the collec-~~
7 ~~tion and return of taxes thereon as is~~ other real ~~estate~~
8 PROPERTY in the ~~several~~ townships or municipalities in which
9 ~~the same may be situated~~ THAT PROPERTY IS LOCATED. ~~The term~~

10 (3) AS USED IN THIS ACT, THE TERMS "company", "corporation",
11 "copartnership", "association", ~~or~~ AND "person" ~~, wherever~~
12 ~~used in this act, shall~~ apply to and SHALL be construed as
13 referring ~~respectively~~ to ~~any~~ THE FOLLOWING:

14 (A) A railroad company, union station and depot company,
15 telegraph company, telephone company, sleeping car company,
16 express company, car loaning company, stock car company, refrig-
17 erator or fast freight line company, ~~and~~ OR any other companies
18 owning, leasing, running, or operating any freight CARS, stock
19 CARS, refrigerator CARS, or any other cars, not ~~being~~
20 ~~exclusively~~ the EXCLUSIVE property of ~~any~~ A railroad company
21 paying taxes upon its rolling stock under ~~the provisions of~~
22 this act, over or upon the line or lines of any railroad or rail-
23 roads in this state. ~~and to any~~

24 (B) A firm, joint stock association, copartnership, corpora-
25 tion, or other association or person ~~, engaged in carrying on~~
26 any business, the TANGIBLE property of which is subject to
27 taxation under this act. ~~The term~~

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1 (4) AS USED IN THIS ACT, "property having a situs in this
2 state", ~~"shall include"~~ INCLUDES all OF THE FOLLOWING:

3 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (B), the
4 property, real and personal, of the persons, corporations, com-
5 panies, copartnerships, and associations ~~enumerated in~~ SUBJECT
6 TO TAXATION UNDER this act, owned, used, and occupied by them
7 within ~~the limits of~~ this state, and also ~~such~~ THE proportion
8 of their rolling stock, cars, and other property ~~as is~~ used
9 partly within and partly ~~without~~ OUTSIDE OF this state ~~, as~~
10 ~~herein~~ provided ~~to be determined~~ IN THIS ACT.

11 (B) FOR TELEGRAPH COMPANIES AND TELEPHONE COMPANIES ONLY,
12 FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2005, ONLY THE TANGI-
13 BLE PROPERTY, REAL AND PERSONAL, OWNED, USED, AND OCCUPIED BY
14 THEM WITHIN THIS STATE.

15 Sec. 9. (1) Not later than May 15 in each year, the state
16 board of assessors shall prepare an assessment roll upon which
17 they shall set forth the true cash value and taxable value on the
18 immediately preceding December 31 of all the property of the com-
19 panies subject to taxation under this act. A determination of
20 true cash value and taxable value is not final until reviewed as
21 provided in this act. For the purpose of arriving at the true
22 cash value and taxable value of the property on the assessment
23 roll, the state board of assessors may personally inspect the
24 property assessed, may consider the reports filed under this act
25 or reports and returns filed in the office of any officer of this
26 state or in the office of any other governmental agency, and any

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1 other evidence or information obtained or possessed by the state
2 board of assessors.

3 (2) In determining the true cash value and taxable value of
4 the property of a railroad, union station, and depot company that
5 owns, leases, operates, or uses lines partly within or partly
6 outside of this state, the state board of assessors shall con-
7 sider the proportion of the number of miles of all track con-
8 trolled or used by that company within this state to the entire
9 mileage of all track controlled or used by that company both
10 within and outside of this state. The state board of assessors
11 shall also consider any other uniform factors that reflect a fair
12 allocation of value to this state.

13 (3) ~~In~~ FOR TAX YEARS THAT BEGIN BEFORE JANUARY 1, 2006, IN
14 determining the true cash value and taxable value of the property
15 of a telegraph company or telephone company that owns, leases,
16 operates, or uses lines partly within and partly outside of this
17 state, the state board of assessors shall ONLY consider the pro-
18 portion of the number of miles of telegraph or telephone lines
19 controlled or used by that company within this state to the
20 entire mileage of telegraph or telephone lines controlled or used
21 by that company both within and outside of this state. The state
22 board of assessors shall also consider any other uniform factors
23 that reflect a fair allocation of value to this state.

24 (4) In determining the true cash value and taxable value of
25 the property of an express company, the state board of assessors
26 shall determine the actual value of the entire amount of the
27 capital stock and bonded indebtedness of that express company.

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1 From that amount, the state board of assessors shall determine
2 and deduct the actual value of all real property owned by that
3 express company, and the actual value of all personal property
4 owned by that express company that is not used in the express
5 business of that express company. The state board of assessors
6 shall then divide the remaining amount by the total number of
7 miles, as determined by the state board of assessors, of rail-
8 road, stage, water, and other routes over which the company did
9 business to obtain the value per mile. The state board of asses-
10 sors shall then multiply the value per mile by the total number
11 of miles of the routes within this state, as determined by the
12 state board of assessors. The state board of assessors shall
13 then add to the product of that calculation the value of all real
14 estate owned by that express company in this state, as determined
15 by the state board of assessors. The sum of this calculation is
16 the actual value of the property of that express company subject
17 to assessment and taxation in this state.

18 (5) If the state board of assessors determines that the
19 ocean routes of a company are so different in character from its
20 other routes that the mileage basis of apportionment of the value
21 of the entire property to be apportioned in this state would be
22 unfair if the full mileage of the ocean routes were included, the
23 state board of assessors may make an allowance for that company's
24 ocean routes to bring those ocean routes to parity with that
25 company's other routes. In making this determination, the state
26 board of assessors shall consider the relative mileage values and
27 earning capacities of the ocean routes and the other routes and

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1 shall require special reports of the character, mileage,
2 earnings, and value of the ocean routes. The state board of
3 assessors may exclude from its determination of aggregate mileage
4 any ocean routes on which the express company fails to furnish
5 the requisite reports, but no further penalty shall be imposed
6 for the failure to report the mileage of ocean routes.

7 (6) If a company claims in writing that the mileage basis of
8 apportionment of the value of the entire property to be
9 attributed to ~~Michigan~~ THIS STATE is unfair, the state board of
10 assessors shall make the apportionment that in its judgment is
11 fair. In making that apportionment, the state board of assessors
12 shall consider the mileage within and outside of this state,
13 making any necessary allowance for ocean mileage as provided in
14 this section.

15 (7) In determining the true cash value and taxable value of
16 the property in this state of car loaning, stock car, refrigera-
17 tor, fast freight lines, and other car companies, and other com-
18 panies owning, leasing, running, or operating cars subject to
19 taxation under this act, the state board of assessors shall con-
20 sider the proportion of the aggregate car mileage made or run by
21 the entire number of cars owned or operated by a company to the
22 car mileage made or run by the entire number of cars owned or
23 operated by that company within this state.