

**SUBSTITUTE FOR
HOUSE BILL NO. 4384**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 8c and 9 (MCL 211.8c and 211.9), section 8c as
added by 1998 PA 537 and section 9 as amended by 2006 PA 550; and
to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8c. (1) Daily rental property shall be assessed to the
2 owner at the location of the rental business and is not assessable
3 at its location on tax day as provided in section 2 if all of the
4 following conditions are satisfied:

5 (a) The location of the rental business is in this state and
6 the daily rental property is located in this state on tax day as

1 provided in section 2.

2 (b) The daily rental property is permanently labeled with the
3 name of the owner and either the business address or current
4 telephone number of the owner with an indication that the property
5 is daily rental property. The owner shall also affix a unique
6 identifying number to the daily rental property. If the daily
7 rental property consists of multiple small items that are part of a
8 matched set or if it is impractical to label the daily rental
9 property, the required statement and identifying number may be
10 placed on the daily rental property's container used to store the
11 daily rental property when not in use.

12 (c) Not later than February 20 of each year, the owner
13 provides the assessor of the city or township where the rental
14 business is located an itemized listing of the owner's daily rental
15 property, as of tax day. The listing shall describe the daily
16 rental property by manufacturer, make, and model.

17 (d) Not later than February 20 of each tax year, the owner
18 shall give the assessor of the city or township where the rental
19 business is located written authorization to provide a copy of
20 information provided pursuant to subdivision (c) to the assessor of
21 any other city or township in which the daily rental property may
22 have been physically located on tax day.

23 (e) If the owner of daily rental property is required to
24 provide a written statement pursuant to section ~~18-19~~ to any local
25 tax collecting unit other than the local tax collecting unit in
26 which the daily rental property is assessable, the written
27 statement shall include a written statement indicating the

1 jurisdiction in which its daily rental property is being reported.

2 (2) The owner's reporting of daily rental property is subject
3 to audit by any of the following:

4 (a) Any assessment jurisdiction in which the daily rental
5 property is located on tax day.

6 (b) The local tax collecting unit where the rental business is
7 located.

8 (c) The county equalization department of a county in which
9 the daily rental property is located on tax day or where the rental
10 business is located.

11 (d) The state tax commission.

12 (3) The owner's tangible personal property that is not
13 assessable as provided in subsection (1) is assessable as provided
14 in section 2.

15 (4) As used in this section:

16 (a) "Daily rental property" means tangible personal property
17 that is exclusively offered on an hourly, daily, weekly, or monthly
18 basis ~~for a rental term of 6 months or less pursuant to a written~~
19 agreement and had an acquisition cost when new of \$10,000.00 or
20 less, including freight and sales tax. ~~In determining whether a~~
21 ~~rental term extends beyond 6 months, the rental term shall be~~
22 ~~computed by adding all permitted or required extensions of the~~
23 ~~rental term set forth in the written agreement for the daily rental~~
24 ~~property. Daily rental property does not include tangible personal~~
25 ~~property rented in conjunction with a service contract that extends~~
26 ~~beyond 90 days~~ **INCLUDES, BUT IS NOT LIMITED TO, WATER CONDITIONING**
27 **SYSTEMS USED FOR A RESIDENTIAL DWELLING.**

1 (b) "Location of the rental business" or "where the rental
2 business is located" means the local tax collecting unit in which
3 the daily rental property is kept when it is not rented to a
4 customer.

5 (c) "Owner" means the individual, partnership, corporation,
6 association, or other legal entity that owns daily rental property.

7 Sec. 9. (1) The following personal property, and real property
8 described in subdivision (j) (i), is exempt from taxation:

9 (a) The personal property of charitable, educational, and
10 scientific institutions incorporated under the laws of this state.
11 This exemption does not apply to secret or fraternal societies, but
12 the personal property of all charitable homes of secret or
13 fraternal societies and nonprofit corporations that own and operate
14 facilities for the aged and chronically ill in which the net income
15 from the operation of the nonprofit corporations or secret or
16 fraternal societies does not inure to the benefit of a person other
17 than the residents is exempt.

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

21 (c) The property of posts of the grand army of the republic,
22 sons of veterans' unions, and of the women's relief corps connected
23 with them, of young men's Christian associations, women's Christian
24 temperance union associations, young people's Christian unions, a
25 boy or girl scout or camp fire girls organization, 4-H clubs, and
26 other similar associations.

27 (d) Pensions receivable from the United States.

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

2 (f) The personal property owned and used by a householder such
3 as customary furniture, fixtures, provisions, fuel, and other
4 similar equipment, wearing apparel including personal jewelry,
5 family pictures, school books, library books of reference, and
6 allied items. Personal property is not exempt under this
7 subdivision if it is used to produce income, if it is held for
8 speculative investment, or if it constitutes an inventory of goods
9 for sale in the regular course of trade.

10 (g) Household furnishings, provisions, and fuel of not more
11 than \$5,000.00 in taxable value, of each social or professional
12 fraternity, sorority, and student cooperative house recognized by
13 the educational institution at which it is located.

14 (h) The working tools of a mechanic of not more than \$500.00
15 in taxable value. "Mechanic", as used in this subdivision, means a
16 person skilled in a trade pertaining to a craft or in the
17 construction or repair of machinery if the person's employment by
18 others is dependent on his or her furnishing the tools.

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

21 (j) Property actually used in agricultural operations and farm
22 implements held for sale or resale by retail servicing dealers for
23 use in agricultural production. As used in this subdivision,
24 "agricultural operations" means farming in all its branches,
25 including cultivation of the soil, growing and harvesting of an
26 agricultural, horticultural, or floricultural commodity, dairying,
27 raising of livestock, bees, fur-bearing animals, or poultry, turf

1 and tree farming, raising and harvesting of fish, and any practices
2 performed by a farmer or on a farm as an incident to, or in
3 conjunction with, farming operations, but excluding retail sales
4 and food processing operations. Property used in agricultural
5 operations includes all of the following:

6 (i) A methane digester and a methane digester electric
7 generating system if the person claiming the exemption complies
8 with all of the following:

9 (A) After the construction of the methane digester or the
10 methane digester electric generating system is completed, the
11 person claiming the exemption submits to the local tax collecting
12 unit an application for the exemption and a copy of certification
13 from the department of agriculture that it has verified that the
14 farm operation on which the methane digester or methane digester
15 electric generating system is located is in compliance with the
16 appropriate system of the Michigan agriculture environmental
17 assurance program in the year immediately preceding the year in
18 which the affidavit is submitted. Three years after an application
19 for exemption is approved and every 3 years thereafter, the person
20 claiming the exemption shall submit to the local tax collecting
21 unit an affidavit attesting that the department of agriculture has
22 verified that the farm operation on which the methane digester or
23 methane digester electric generating system is located is in
24 compliance with the appropriate system of the Michigan agriculture
25 environmental assurance program. The application for the exemption
26 under this subparagraph shall be in a form prescribed by the
27 department of treasury and shall be provided to the person claiming

1 the exemption by the local tax collecting unit.

2 (B) When the application is submitted to the local tax
3 collecting unit, the person claiming the exemption also submits
4 certification provided by the department of environmental quality
5 that he or she is not currently being investigated for a violation
6 of part 31 of the natural resources and environmental protection
7 act, 1994 PA 451, MCL 324.3101 to 324.3133, that within a 3-year
8 period immediately preceding the date the application is submitted
9 to the local tax collecting unit, he or she has not been found
10 guilty of a criminal violation under part 31 of the natural
11 resources and environmental protection act, 1994 PA 451, MCL
12 324.3101 to 324.3133, and that within a 1-year period immediately
13 preceding the date the application is submitted to the local tax
14 collecting unit, he or she has not been found responsible for a
15 civil violation that resulted in a civil fine of \$10,000.00 or more
16 under part 31 of the natural resources and environmental protection
17 act, 1994 PA 451, MCL 324.3101 to 324.3133.

18 (C) The person claiming an exemption cooperates by allowing
19 access for not more than 2 universities to collect information
20 regarding the effectiveness of the methane digester and the methane
21 digester electric generating system in generating electricity and
22 processing animal waste and production area waste. Information
23 collected under this sub-subparagraph shall not be provided to the
24 public in a manner that would identify the owner of the methane
25 digester or the methane digester electric generating system or the
26 farm operation on which the methane digester or the methane
27 digester electric generating system is located. The identity of the

1 owner of the methane digester or the methane digester electric
2 generating system and the identity of the owner and location of the
3 farm operation on which the methane digester or the methane
4 digester electric generating system is located are exempt from
5 disclosure under the freedom of information act, 1976 PA 442, MCL
6 15.231 to 15.246. As used in this sub-subparagraph, "university"
7 means a public 4-year institution of higher education created under
8 article VIII of the state constitution of 1963.

9 (D) The person claiming the exemption ensures that the methane
10 digester and methane digester electric generating system are
11 operated under the specific supervision and control of persons
12 certified by the department of agriculture as properly qualified to
13 operate the methane digester, methane digester electric generating
14 system, and related waste treatment and control facilities. The
15 department of agriculture shall consult with the department of
16 environmental quality and the Michigan state university cooperative
17 extension service in developing the operator certification program.

18 (ii) A biomass gasification system. As used in this
19 subparagraph, "biomass gasification system" means apparatus and
20 equipment that thermally decomposes agricultural, food, or animal
21 waste at high temperatures and in an oxygen-free or a controlled
22 oxygen-restricted environment into a gaseous fuel and the equipment
23 used to generate electricity or heat from the gaseous fuel or store
24 the gaseous fuel for future generation of electricity or heat.

25 (iii) A thermal depolymerization system. As used in this
26 subparagraph, "thermal depolymerization system" means apparatus and
27 equipment that use heat to break down natural and synthetic

1 polymers and that can accept only organic waste.

2 (iv) Machinery used to prepare the crop for market operated
3 incidental to a farming operation that does not substantially alter
4 the form, shape, or substance of the crop and is limited to
5 cleaning, cooling, washing, pitting, grading, sizing, sorting,
6 drying, bagging, boxing, crating, and handling if not less than 33%
7 of the volume of the crops processed in the year ending on the
8 applicable tax day or in at least 3 of the immediately preceding 5
9 years were grown by the farmer in Michigan who is the owner or user
10 of the crop processing machinery.

11 (k) Personal property of not more than \$500.00 in taxable
12 value used by a householder in the operation of a business in the
13 householder's dwelling or at 1 other location in the city,
14 township, or village in which the householder resides.

15 (l) The products, materials, or goods processed or otherwise
16 and in whatever form, but expressly excepting alcoholic beverages,
17 located in a public warehouse, United States customs port of entry
18 bonded warehouse, dock, or port facility on December 31 of each
19 year, if those products, materials, or goods are designated as in
20 transit to destinations outside this state pursuant to the
21 published tariffs of a railroad or common carrier by filing the
22 freight bill covering the products, materials, or goods with the
23 agency designated by the tariffs, entitling the shipper to
24 transportation rate privileges. Products in a United States customs
25 port of entry bonded warehouse that arrived from another state or a
26 foreign country, whether awaiting shipment to another state or to a
27 final destination within this state, are considered to be in

1 transit and temporarily at rest, and not subject to the collection
2 of taxes under this act. To obtain an exemption for products,
3 materials, or goods under this subdivision, the owner shall file a
4 sworn statement with, and in the form required by, the assessing
5 officer of the tax district in which the warehouse, dock, or port
6 facility is located, at a time between the tax day, December 31,
7 and before the assessing officer closes the assessment rolls
8 describing the products, materials, or goods, and reporting their
9 cost and value as of December 31 of each year. The status of
10 persons and products, materials, or goods for which an exemption is
11 requested is determined as of December 31, which is the tax day.
12 Any property located in a public warehouse, dock, or port facility
13 on December 31 of each year that is exempt from taxation under this
14 subdivision but that is not shipped outside this state pursuant to
15 the particular tariff under which the transportation rate privilege
16 was established shall be assessed upon the immediately succeeding
17 or a subsequent assessment roll by the assessing officer and taxed
18 at the same rate of taxation as other taxable property for the year
19 or years for which the property was exempted to the owner at the
20 time of the omission unless the owner or person entitled to
21 possession of the products, materials, or goods is a resident of,
22 or authorized to do business in, this state and files with the
23 assessing officer, with whom statements of taxable property are
24 required to be filed, a statement under oath that the products,
25 materials, or goods are not for sale or use in this state and will
26 be shipped to a point or points outside this state. If a person,
27 firm, or corporation claims exemption by filing a sworn statement,

1 the person, firm, or corporation shall append to the statement of
2 taxable property required to be filed in the immediately succeeding
3 year or, if a statement of taxable property is not filed for the
4 immediately succeeding year, to a sworn statement filed on a form
5 required by the assessing officer, a complete list of the property
6 for which the exemption was claimed with a statement of the manner
7 of shipment and of the point or points to which the products,
8 materials, or goods were shipped from the public warehouse, dock,
9 or port facility. The assessing officer shall assess the products,
10 materials, or goods not shipped to a point or points outside this
11 state upon the immediately succeeding assessment roll or on a
12 subsequent assessment roll and the products, materials, or goods
13 shall be taxed at the same rate of taxation as other taxable
14 property for the year or years for which the property was exempted
15 to the owner at the time of the omission. The records, accounts,
16 and 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, 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. A warehouse, dock, port
27 facility, individual, partnership, corporation, or owner is subject

1 to a fine of \$100.00 for each failure to report the destination and
2 cost value of shipments or parts of shipments as required in this
3 subdivision. A person, firm, individual, partnership, corporation,
4 or owner failing to report products, materials, or goods located in
5 a warehouse, dock, or port facility to the assessing officer is
6 subject to a fine of \$100.00 and a penalty of 50% of the final
7 amount of taxes found to be assessable for the year on property not
8 reported, the assessable taxes and penalty to be spread on a
9 subsequent assessment roll in the same manner as general taxes on
10 personal property. For the purpose of this subdivision, a public
11 warehouse, dock, or port facility means a warehouse, dock, or port
12 facility owned or operated by a person, firm, or corporation
13 engaged in the business of storing products, materials, or goods
14 for hire for profit who issues a schedule of rates for storage of
15 the products, materials, or goods and who issues warehouse receipts
16 pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States
17 customs port of entry bonded warehouse means a customs warehouse
18 within a classification designated by 19 CFR 19.1 and that is
19 located in a port of entry, as defined by 19 CFR 101.1. A portion
20 of a public warehouse, United States customs port of entry bonded
21 warehouse, dock, or port facility leased to a tenant or a portion
22 of any premises owned or leased or operated by a consignor or
23 consignee or an affiliate or subsidiary of the consignor or
24 consignee is not a public warehouse, dock, or port facility.

25 (m) Personal property owned by a bank or trust company
26 organized under the laws of this state, a national banking
27 association, or an incorporated bank holding company as defined in

1 section 1841 of the bank holding company act of 1956, 12 USC 1841,
2 that controls a bank, national banking association, trust company,
3 or industrial bank subsidiary located in this state. Buildings
4 owned by a state or national bank, trust company, or incorporated
5 bank holding company and situated upon ~~lands~~ **REAL PROPERTY** of which
6 the state or national bank, trust company, or incorporated bank
7 holding company is not the owner of the fee are considered real
8 property and are not exempt ~~from taxation~~ **UNDER THIS SECTION.**

9 Personal property owned by a state or national bank, trust company,
10 or incorporated bank holding company that is leased, loaned, or
11 otherwise made available to and used by a private individual,
12 association, or corporation in connection with a business conducted
13 for profit is not exempt ~~from taxation~~ **UNDER THIS SECTION.**

14 (n) Farm products, processed or otherwise, the ultimate use of
15 which is for human or animal consumption as food, except wine,
16 beer, and other alcoholic beverages regularly placed in storage in
17 a public warehouse, dock, or port facility while in storage are
18 considered in transit and only temporarily at rest and are not
19 subject to ~~personal property taxation~~ **THE COLLECTION OF TAXES UNDER**
20 **THIS ACT.** The assessing officer is the determining authority as to
21 what constitutes, is defined as, or classified as, farm products as
22 used in this subdivision. The records, accounts, and books of
23 warehouses, docks, or port facilities, individuals, partnerships,
24 corporations, owners, or those in possession of farm products shall
25 be open to and available for inspection, examination, or auditing
26 by assessing officers.

27 (o) Sugar, in solid or liquid form, produced from sugar beets,

1 dried beet pulp, and beet molasses if owned or held by processors.

2 (p) The personal property of a parent cooperative preschool.
3 As used in this subdivision and section 7z, "parent cooperative
4 preschool" means a nonprofit, nondiscriminatory educational
5 institution maintained as a community service and administered by
6 parents of children currently enrolled in the preschool, that
7 provides an educational and developmental program for children
8 younger than compulsory school age, that provides an educational
9 program for parents, including active participation with children
10 in preschool activities, that is directed by qualified preschool
11 personnel, and that is licensed under 1973 PA 116, MCL 722.111 to
12 722.128.

13 (q) All equipment used exclusively in wood harvesting, but not
14 including portable or stationary sawmills or other equipment used
15 in secondary processing operations. As used in this subdivision,
16 "wood harvesting" means clearing land for forest management
17 purposes, planting trees, all forms of cutting or chipping trees,
18 and loading trees on trucks for removal from the harvest area.

19 (r) Liquefied petroleum gas tanks located on residential or
20 agricultural property used to store liquefied petroleum gas for
21 residential or agricultural property use.

22 (s) ~~Water~~ **BEFORE DECEMBER 31, 2007, WATER** conditioning systems
23 used for a residential dwelling.

24 (t) For taxes levied after December 31, 2000, aircraft
25 excepted from the registration provisions of the aeronautics code
26 of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and
27 all other aircraft operating under the provisions of a certificate

1 issued under 14 CFR part 121, and all spare parts for such
2 aircraft.

3 (2) As used in this section:

4 (a) "Biogas" means a mixture of gases composed primarily of
5 methane and carbon dioxide.

6 (b) "Methane digester" means a system designed to facilitate
7 the production, recovery, and storage of biogas from the anaerobic
8 microbial digestion of animal or food waste.

9 (c) "Methane digester electric generating system" means a
10 methane digester and the apparatus and equipment used to generate
11 electricity or heat from biogas or to store biogas for the future
12 generation of electricity or heat.

13 Enacting section 1. Section 9g of the general property tax
14 act, 1893 PA 206, MCL 211.9g[1], is repealed.