

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 490

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 9m and 9n (MCL 211.9m and 211.9n), section 9m
as added by 2012 PA 401 and section 9n as added by 2012 PA 403.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9m. (1) Beginning December 31, 2015 and each year
2 thereafter, qualified new personal property **FOR WHICH AN EXEMPTION**
3 **HAS BEEN PROPERLY CLAIMED UNDER SUBSECTION (2)** is exempt from the
4 collection of taxes under this act.

5 (2) ~~An owner of qualified new personal property~~ **A PERSON** shall
6 claim the exemption under this section by filing an affidavit with
7 the local tax collecting unit in which the qualified new personal
8 property is located ~~and with the department of treasury not later~~
9 ~~than February 20, 2016.~~ **AS PROVIDED IN SUBSECTION (3)**. The

1 affidavit shall be in a form prescribed by the department of
2 treasury. An owner of qualified new personal property is only
3 required to file the affidavit claiming the exemption under this
4 section in 2016. STATE TAX COMMISSION. AN AFFIDAVIT CLAIMING AN
5 EXEMPTION UNDER THIS SECTION APPLIES TO ALL EXISTING AND
6 SUBSEQUENTLY ACQUIRED QUALIFIED NEW PERSONAL PROPERTY.

7 ~~—— (3) If an affidavit claiming the exemption under this section~~
8 ~~is filed in 2016 as provided in subsection (2), the owner of that~~
9 ~~qualified new personal property is not required to also file a~~
10 ~~statement under section 19 for that qualified new personal property~~
11 ~~in 2016.~~

12 ~~—— (4) Beginning in 2017 and each year after 2017, an owner of~~
13 ~~qualified new personal property is not required to file an~~
14 ~~affidavit claiming the exemption under this section for qualified~~
15 ~~new personal property and is not required to file a statement under~~
16 ~~section 19 for that qualified new personal property. An owner of~~
17 ~~qualified new personal property exempt under this section shall~~
18 ~~provide documentation evidencing the date of purchase of that~~
19 ~~qualified new personal property to the assessor of the local tax~~
20 ~~collecting unit upon request.~~

21 (3) IF A PERSON CLAIMING AN EXEMPTION UNDER THIS SECTION HAS
22 NOT FILED AN AFFIDAVIT UNDER THIS SECTION IN ANY PRIOR YEAR WITH
23 THE LOCAL TAX COLLECTING UNIT IN WHICH THE QUALIFIED NEW PERSONAL
24 PROPERTY IS LOCATED, THAT PERSON SHALL FILE THE AFFIDAVIT DESCRIBED
25 UNDER SUBSECTION (2) WITH THAT LOCAL TAX COLLECTING UNIT NOT LATER
26 THAN FEBRUARY 10 OF THE FIRST YEAR FOR WHICH THE PERSON IS CLAIMING
27 THE EXEMPTION FOR QUALIFIED NEW PERSONAL PROPERTY IN THE LOCAL TAX

1 COLLECTING UNIT.

2 (4) EXCEPT FOR A PERSON CLAIMING AN EXEMPTION UNDER THIS
3 SECTION FOR PERSONAL PROPERTY THAT WAS SUBJECT TO SECTION 9F OR
4 1974 PA 198, MCL 207.551 TO 207.572, IN 2015, IF AN AFFIDAVIT
5 CLAIMING THE EXEMPTION UNDER THIS SECTION IS FILED AS PROVIDED IN
6 SUBSECTION (3) BY FEBRUARY 10, 2016, AND THE PERSON CLAIMING THE
7 EXEMPTION UNDER THIS SECTION COMPLIED WITH SECTION 19(9) IN 2015,
8 OR IF THE FILING REQUIREMENT UNDER SECTION 19(9) WAS NOT APPLICABLE
9 BECAUSE THE QUALIFIED NEW PERSONAL PROPERTY WAS ACQUIRED IN 2015,
10 THE PERSON CLAIMING THE EXEMPTION UNDER THIS SECTION IS NOT
11 REQUIRED TO FILE A STATEMENT UNDER SECTION 19 FOR THAT QUALIFIED
12 NEW PERSONAL PROPERTY IN 2016. EXCEPT FOR A PERSON CLAIMING AN
13 EXEMPTION UNDER THIS SECTION FOR PERSONAL PROPERTY THAT WAS SUBJECT
14 TO SECTION 9F OR 1974 PA 198, MCL 207.551 TO 207.572, IN 2015, IF
15 AN AFFIDAVIT CLAIMING THE EXEMPTION UNDER THIS SECTION IS FILED AS
16 PROVIDED IN SUBSECTION (3), BEGINNING IN 2017, THE PERSON CLAIMING
17 THE EXEMPTION UNDER THIS SECTION IS NOT REQUIRED TO FILE A
18 STATEMENT UNDER SECTION 19 FOR QUALIFIED NEW PERSONAL PROPERTY
19 EXEMPT UNDER THIS SECTION. FOR A PERSON CLAIMING AN EXEMPTION UNDER
20 THIS SECTION FOR PERSONAL PROPERTY THAT WAS SUBJECT TO SECTION 9F
21 OR 1974 PA 198, MCL 207.551 TO 207.572, IN 2015, IF AN AFFIDAVIT
22 CLAIMING THE EXEMPTION UNDER THIS SECTION IS FILED AS PROVIDED IN
23 SUBSECTION (3) AND THE PERSON CLAIMING THE EXEMPTION UNDER THIS
24 SECTION COMPLIED WITH SECTION 19(9) IN 2015, THE PERSON CLAIMING
25 THE EXEMPTION UNDER THIS SECTION IS NOT REQUIRED TO FILE A
26 STATEMENT UNDER SECTION 19 FOR THAT QUALIFIED NEW PERSONAL PROPERTY
27 IN THE FIRST YEAR FOR WHICH THAT PERSON IS CLAIMING AN EXEMPTION

1 UNDER THIS SECTION OR IN ANY SUBSEQUENT YEAR. FOR A PERSON CLAIMING
2 AN EXEMPTION UNDER THIS SECTION FOR PERSONAL PROPERTY THAT WAS
3 SUBJECT TO SECTION 9F OR 1974 PA 198, MCL 207.551 TO 207.572, IN
4 2015, IF AN AFFIDAVIT CLAIMING THE EXEMPTION UNDER THIS SECTION IS
5 FILED AS PROVIDED IN SUBSECTION (3), BUT THE PERSON CLAIMING THE
6 EXEMPTION UNDER THIS SECTION DID NOT COMPLY WITH SECTION 19(9) IN
7 2015, THE PERSON CLAIMING THE EXEMPTION UNDER THIS SECTION SHALL
8 FILE A STATEMENT UNDER SECTION 19 FOR THAT PERSON'S QUALIFIED NEW
9 PERSONAL PROPERTY IN THE FIRST YEAR FOR WHICH THAT PERSON IS
10 CLAIMING AN EXEMPTION UNDER THIS SECTION FOR QUALIFIED NEW PERSONAL
11 PROPERTY, BUT THAT PERSON IS NOT REQUIRED TO FILE A STATEMENT UNDER
12 SECTION 19 FOR THAT QUALIFIED NEW PERSONAL PROPERTY IN ANY
13 SUBSEQUENT YEAR. IF THE PERSON CLAIMING THE EXEMPTION UNDER THIS
14 SECTION HAS NOT FILED AN AFFIDAVIT AS REQUIRED UNDER SUBSECTION
15 (2), THE PERSONAL PROPERTY FOR WHICH THE PERSON IS CLAIMING AN
16 EXEMPTION IS SUBJECT TO THE COLLECTION OF TAXES UNDER THIS ACT AND
17 THAT PERSON SHALL FILE A STATEMENT UNDER SECTION 19.

18 (5) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES
19 THAT PERSONAL PROPERTY FOR WHICH AN AFFIDAVIT CLAIMING AN EXEMPTION
20 IS FILED UNDER SUBSECTION (2) IS NOT QUALIFIED NEW PERSONAL
21 PROPERTY, THE ASSESSOR MAY DENY THAT CLAIM FOR EXEMPTION BY
22 NOTIFYING THE PERSON THAT FILED THE AFFIDAVIT IN WRITING OF THE
23 REASON FOR THE DENIAL AND ADVISING THE PERSON THAT THE DENIAL MAY
24 BE APPEALED TO THE BOARD OF REVIEW UNDER SECTION 30 OR 53B. THE
25 ASSESSOR MAY DENY A CLAIM FOR EXEMPTION UNDER THIS SUBSECTION FOR
26 THE CURRENT YEAR ONLY. IF THE ASSESSOR DENIES A CLAIM FOR
27 EXEMPTION, THE ASSESSOR SHALL REMOVE THE EXEMPTION OF THAT PERSONAL

1 PROPERTY AND AMEND THE TAX ROLL TO REFLECT THE DENIAL AND THE LOCAL
 2 TREASURER SHALL WITHIN 30 DAYS OF THE DATE OF THE DENIAL ISSUE A
 3 CORRECTED TAX BILL FOR ANY ADDITIONAL TAXES.

4 (6) A PERSON CLAIMING AN EXEMPTION FOR QUALIFIED NEW PERSONAL
 5 PROPERTY EXEMPT UNDER THIS SECTION SHALL MAINTAIN BOOKS AND RECORDS
 6 AND SHALL PROVIDE ACCESS TO THOSE BOOKS AND RECORDS AS PROVIDED IN
 7 SECTION 22.

8 (7) IF A PERSON FRAUDULENTLY CLAIMS AN EXEMPTION FOR PERSONAL
 9 PROPERTY UNDER THIS SECTION, THAT PERSON IS SUBJECT TO THE
 10 PENALTIES PROVIDED FOR IN SECTION 21(2).

11 (8) ~~(5)~~—As used in this section:

12 (A) "AFFILIATED PERSON" MEANS A SOLE PROPRIETORSHIP,
 13 PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, ASSOCIATION,
 14 FLOW-THROUGH ENTITY, MEMBER OF A UNITARY BUSINESS GROUP, OR OTHER
 15 ENTITY RELATED TO A PERSON CLAIMING AN EXEMPTION UNDER THIS
 16 SECTION.

17 (B) ~~(a)~~—"Direct integrated support" means ~~research~~—ANY OF THE
 18 FOLLOWING:

19 (i) RESEARCH and development ~~functions, testing~~—RELATED TO
 20 GOODS PRODUCED IN INDUSTRIAL PROCESSING AND CONDUCTED IN
 21 FURTHERANCE OF THAT INDUSTRIAL PROCESSING.

22 (ii) TESTING and quality control functions ~~, engineering~~
 23 RELATED TO GOODS PRODUCED IN INDUSTRIAL PROCESSING AND CONDUCTED IN
 24 FURTHERANCE OF THAT INDUSTRIAL PROCESSING.

25 (iii) ENGINEERING ~~functions, warehousing facilities that~~
 26 ~~directly support the owner or lessee engaging in industrial~~
 27 ~~processing and that store tangible personal property owned by that~~

1 ~~owner or lessee, and sorting and distribution centers~~ RELATED TO
2 GOODS PRODUCED IN INDUSTRIAL PROCESSING AND CONDUCTED IN
3 FURTHERANCE OF THAT INDUSTRIAL PROCESSING.

4 (iv) RECEIVING OR STORING EQUIPMENT, MATERIALS, SUPPLIES,
5 PARTS, OR COMPONENTS FOR INDUSTRIAL PROCESSING, OR SCRAP MATERIALS
6 OR WASTE RESULTING FROM INDUSTRIAL PROCESSING, AT THE INDUSTRIAL
7 PROCESSING SITE OR AT ANOTHER SITE OWNED OR LEASED BY THE OWNER OR
8 LESSEE OF THE INDUSTRIAL PROCESSING SITE.

9 (v) STORING OF FINISHED GOODS INVENTORY IF THE INVENTORY WAS
10 PRODUCED BY A BUSINESS ENGAGED PRIMARILY IN INDUSTRIAL PROCESSING
11 AND IF THE INVENTORY IS STORED EITHER AT THE SITE WHERE IT WAS
12 PRODUCED OR AT ANOTHER SITE OWNED OR LEASED BY THE BUSINESS THAT
13 PRODUCED THE INVENTORY.

14 (vi) SORTING, DISTRIBUTING, OR SEQUENCING FUNCTIONS that
15 optimize transportation and ~~use~~ just-in-time inventory management
16 and material handling for inputs to industrial processing.

17 (C) ~~(b)~~ "Eligible manufacturing personal property" means all
18 personal property that ~~is located on a parcel of real property if~~
19 ~~that personal property is used more than 50% of the time in~~
20 ~~industrial processing or in direct integrated support. The~~
21 ~~percentage of use of personal property in industrial processing or~~
22 ~~in direct integrated support shall be determined in the following~~
23 ~~manner:~~

24 ~~—— (i) Multiply the true cash value of each individual item of~~
25 ~~personal property located on that parcel of real property by its~~
26 ~~percentage of use in industrial processing or in direct integrated~~
27 ~~support.~~

1 ~~—— (ii) Add the result of the calculation under subparagraph (i)~~
 2 ~~for all personal property located on that parcel of real property.~~

3 ~~—— (iii) Divide the result of the calculation under subparagraph~~
 4 ~~(ii) by the total true cash value of all personal property located~~
 5 ~~on that parcel of real property.~~ LOCATED ON OCCUPIED REAL PROPERTY

6 IF THAT PERSONAL PROPERTY IS PREDOMINANTLY USED IN INDUSTRIAL
 7 PROCESSING OR DIRECT INTEGRATED SUPPORT. PERSONAL PROPERTY LOCATED
 8 ON OCCUPIED REAL PROPERTY IS PREDOMINANTLY USED IN INDUSTRIAL
 9 PROCESSING OR DIRECT INTEGRATED SUPPORT IF THE RESULT OF THE
 10 FOLLOWING CALCULATION IS MORE THAN 50%:

11 (i) MULTIPLY THE ORIGINAL COST OF ALL PERSONAL PROPERTY LOCATED
 12 ON THAT OCCUPIED REAL PROPERTY BY ITS PERCENTAGE OF USE IN
 13 INDUSTRIAL PROCESSING OR IN DIRECT INTEGRATED SUPPORT. PERSONAL
 14 PROPERTY IS USED IN INDUSTRIAL PROCESSING IF IT IS NOT USED TO
 15 GENERATE ELECTRICITY FOR SALE AND IF ITS PURCHASE OR USE BY THE
 16 PERSON CLAIMING THE EXEMPTION WOULD BE ELIGIBLE FOR EXEMPTION UNDER
 17 SECTION 4T OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.54T,
 18 OR SECTION 40 OF THE USE TAX ACT, 1937 PA 94, MCL 205.940. FOR AN
 19 ITEM OF PERSONAL PROPERTY THAT IS USED IN INDUSTRIAL PROCESSING,
 20 ITS PERCENTAGE OF USE IN INDUSTRIAL PROCESSING SHALL EQUAL THE
 21 PERCENTAGE OF THE EXEMPTION THE PROPERTY WOULD BE ELIGIBLE FOR
 22 UNDER SECTION 4T OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL
 23 205.54T, OR SECTION 40 OF THE USE TAX ACT, 1937 PA 94, MCL 205.940.

24 (ii) DIVIDE THE RESULT OF THE CALCULATION UNDER SUBPARAGRAPH (i)
 25 BY THE TOTAL ORIGINAL COST OF ALL PERSONAL PROPERTY LOCATED ON THAT
 26 OCCUPIED REAL PROPERTY.

27 (D) ~~(e)~~—"Industrial processing" means ~~the conversion or~~

1 ~~conditioning of tangible personal property by changing the form,~~
 2 ~~composition, quality, combination, or character of the property for~~
 3 ~~ultimate sale at retail or for use in the manufacturing of a~~
 4 ~~product to ultimately be sold at retail. THAT TERM AS DEFINED IN~~
 5 **SECTION 4T OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.54T,**
 6 **OR SECTION 40 OF THE USE TAX ACT, 1937 PA 94, MCL 205.940.**

7 Industrial processing does not include the generation of
 8 electricity for sale.

9 (E) ~~(d)~~—"New personal property" means property that ~~meets all~~
 10 ~~of the following conditions:~~

11 ~~—— (i) Before January 1, 2013, was not subject to or exempt from~~
 12 ~~the collection of taxes under this act, except inventory exempt~~
 13 ~~under section 9c, and was not in use or placed in service in this~~
 14 ~~state.~~

15 ~~—— (ii) Before January 1, 2013, was not in use or placed in~~
 16 ~~service outside of this state.~~

17 ~~—— (iii) Was initially purchased from the manufacturer, dealer,~~
 18 ~~distributor, or other vendor of new property after December 31,~~
 19 **2012. WAS INITIALLY PLACED IN SERVICE IN THIS STATE OR OUTSIDE OF**
 20 **THIS STATE AFTER DECEMBER 31, 2012.**

21 (F) "OCCUPIED REAL PROPERTY" MEANS ALL OF THE FOLLOWING:

22 (i) A PARCEL OF REAL PROPERTY THAT IS ENTIRELY OWNED, LEASED,
 23 OR OTHERWISE OCCUPIED BY A PERSON CLAIMING AN EXEMPTION UNDER THIS
 24 SECTION.

25 (ii) CONTIGUOUS PARCELS OF REAL PROPERTY THAT ARE ENTIRELY
 26 OWNED, LEASED, OR OTHERWISE OCCUPIED BY A PERSON CLAIMING AN
 27 EXEMPTION UNDER THIS SECTION AND THAT HOST A SINGLE, INTEGRATED

1 BUSINESS OPERATION ENGAGED PRIMARILY IN INDUSTRIAL PROCESSING,
 2 DIRECT INTEGRATED SUPPORT, OR BOTH. A BUSINESS OPERATION IS NOT
 3 ENGAGED PRIMARILY IN INDUSTRIAL PROCESSING, DIRECT INTEGRATED
 4 SUPPORT, OR BOTH IF IT ENGAGES IN SIGNIFICANT BUSINESS ACTIVITIES
 5 THAT ARE NOT DIRECTLY RELATED TO INDUSTRIAL PROCESSING OR DIRECT
 6 INTEGRATED SUPPORT.

7 (iii) THE PORTION OF A PARCEL OF REAL PROPERTY THAT IS OWNED,
 8 LEASED, OR OTHERWISE OCCUPIED BY A PERSON CLAIMING THE EXEMPTION OR
 9 BY AN AFFILIATED PERSON.

10 (G) ~~(e)~~ "Qualified new personal property" means property that
 11 meets all of the following conditions:

12 (i) Is eligible manufacturing personal property.

13 (ii) ~~Was IS~~ new personal property. ~~after December 31, 2012.~~

14 Sec. 9n. (1) Beginning December 31, 2015 and each year
 15 thereafter, qualified previously existing personal property **FOR**
 16 **WHICH AN EXEMPTION HAS BEEN PROPERLY CLAIMED UNDER SUBSECTION (2)**
 17 is exempt from the collection of taxes under this act.

18 (2) ~~An owner of qualified previously existing personal~~
 19 ~~property~~ **A PERSON** shall claim the exemption under this section by
 20 filing an affidavit with the local tax collecting unit in which the
 21 qualified previously existing personal property is located ~~and the~~
 22 ~~department of treasury not later than February 20.~~ **AS PROVIDED IN**
 23 **SUBSECTION (3)**. The affidavit shall be in a form prescribed by the
 24 ~~department of treasury.~~ ~~An owner of qualified~~ **STATE TAX COMMISSION.**
 25 **A PERSON CLAIMING AN EXEMPTION FOR** previously existing personal
 26 property is only required to file the affidavit claiming the
 27 exemption under this section ~~in~~ **FOR** the first year ~~in~~ **FOR** which the

1 exemption for that qualified previously existing personal property
2 is claimed **IN THE LOCAL TAX COLLECTING UNIT.**

3 ~~—— (3) If an affidavit claiming the exemption under this section
4 is filed as provided in subsection (2), the owner of that qualified
5 previously existing personal property is not required to also file
6 a statement under section 19 for that qualified previously existing
7 personal property in that tax year or any succeeding tax year.~~

8 **(3) IF A PERSON CLAIMING AN EXEMPTION UNDER THIS SECTION HAS
9 NOT FILED AN AFFIDAVIT UNDER THIS SECTION IN ANY PRIOR YEAR WITH
10 THE LOCAL TAX COLLECTING UNIT IN WHICH THE QUALIFIED PREVIOUSLY
11 EXISTING PERSONAL PROPERTY IS LOCATED CLAIMING AN EXEMPTION FOR
12 THAT QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY, THAT PERSON
13 SHALL FILE THE AFFIDAVIT DESCRIBED UNDER SUBSECTION (2) WITH THAT
14 LOCAL TAX COLLECTING UNIT NOT LATER THAN FEBRUARY 10 OF THE FIRST
15 YEAR FOR WHICH THE PERSON IS CLAIMING THE EXEMPTION FOR THAT
16 QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY IN THE LOCAL TAX
17 COLLECTING UNIT. IF AN AFFIDAVIT CLAIMING THE EXEMPTION FOR
18 QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY UNDER THIS SECTION
19 IS FILED AS PROVIDED IN THIS SUBSECTION AND THE PERSON CLAIMING AN
20 EXEMPTION FOR THAT QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY
21 COMPLIED WITH SECTION 19(9) WITH RESPECT TO THAT QUALIFIED
22 PREVIOUSLY EXISTING PERSONAL PROPERTY IN 2015, OR IF THE FILING
23 REQUIREMENT UNDER SECTION 19(9) WAS NOT APPLICABLE BECAUSE THE
24 QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY WAS ACQUIRED IN
25 2015 OR LATER, THE PERSON CLAIMING THE EXEMPTION UNDER THIS SECTION
26 IS NOT REQUIRED TO ALSO FILE A STATEMENT UNDER SECTION 19 FOR THAT
27 QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY IN THE FIRST YEAR**

1 FOR WHICH THE EXEMPTION IS CLAIMED OR IN ANY SUBSEQUENT YEAR. IF AN
2 AFFIDAVIT CLAIMING THE EXEMPTION FOR QUALIFIED PREVIOUSLY EXISTING
3 PERSONAL PROPERTY UNDER THIS SECTION IS FILED AS PROVIDED IN THIS
4 SUBSECTION BUT THE PERSON CLAIMING THE EXEMPTION UNDER THIS SECTION
5 DID NOT COMPLY WITH SECTION 19(9) WITH RESPECT TO THAT QUALIFIED
6 PREVIOUSLY EXISTING PERSONAL PROPERTY IN 2015, THE PERSON CLAIMING
7 THE EXEMPTION UNDER THIS SECTION SHALL FILE A STATEMENT UNDER
8 SECTION 19 FOR THAT QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY
9 IN THE FIRST YEAR FOR WHICH THE PERSON IS CLAIMING AN EXEMPTION FOR
10 THAT QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY, BUT THE
11 PERSON IS NOT REQUIRED TO FILE A STATEMENT UNDER SECTION 19 FOR
12 THAT QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY IN ANY
13 SUBSEQUENT YEAR. IF A PERSON CLAIMING AN EXEMPTION FOR QUALIFIED
14 PREVIOUSLY EXISTING PERSONAL PROPERTY HAS NOT FILED AN AFFIDAVIT AS
15 REQUIRED UNDER THIS SECTION, THAT PERSON'S QUALIFIED PREVIOUSLY
16 EXISTING PERSONAL PROPERTY IS SUBJECT TO THE COLLECTION OF TAXES
17 UNDER THIS ACT AND THAT PERSON SHALL FILE A STATEMENT UNDER SECTION
18 19.

19 (4) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES
20 THAT PERSONAL PROPERTY FOR WHICH AN AFFIDAVIT CLAIMING AN EXEMPTION
21 IS FILED UNDER SUBSECTION (2) IS NOT QUALIFIED PREVIOUSLY EXISTING
22 PERSONAL PROPERTY, THE ASSESSOR MAY DENY THAT CLAIM FOR EXEMPTION
23 BY NOTIFYING THE PERSON THAT FILED THE AFFIDAVIT IN WRITING OF THE
24 REASON FOR THE DENIAL AND ADVISING THE PERSON THAT THE DENIAL MAY
25 BE APPEALED TO THE BOARD OF REVIEW UNDER SECTION 30 OR 53B. THE
26 ASSESSOR MAY DENY A CLAIM FOR EXEMPTION UNDER THIS SUBSECTION FOR
27 THE CURRENT YEAR ONLY. IF THE ASSESSOR DENIES A CLAIM FOR

1 EXEMPTION, THE ASSESSOR SHALL REMOVE THE EXEMPTION OF THAT PERSONAL
2 PROPERTY AND AMEND THE TAX ROLL TO REFLECT THE DENIAL AND THE LOCAL
3 TREASURER SHALL WITHIN 30 DAYS OF THE DATE OF THE DENIAL ISSUE A
4 CORRECTED TAX BILL FOR ANY ADDITIONAL TAXES.

5 (5) A PERSON CLAIMING AN EXEMPTION FOR QUALIFIED PREVIOUSLY
6 EXISTING PERSONAL PROPERTY EXEMPT UNDER THIS SECTION SHALL MAINTAIN
7 BOOKS AND RECORDS AND SHALL PROVIDE ACCESS TO THOSE BOOKS AND
8 RECORDS AS PROVIDED IN SECTION 22.

9 (6) IF A PERSON FRAUDULENTLY CLAIMS AN EXEMPTION FOR PERSONAL
10 PROPERTY UNDER THIS SECTION, THAT PERSON IS SUBJECT TO THE
11 PENALTIES PROVIDED FOR IN SECTION 21(2).

12 (7) ~~(4)~~—As used in this section:

13 ~~—— (a) "Direct integrated support" means research and development~~
14 ~~functions, testing and quality control functions, engineering~~
15 ~~functions, warehousing facilities that directly support the owner~~
16 ~~or lessee engaging in industrial processing and that store tangible~~
17 ~~personal property owned by that owner or lessee, and sorting and~~
18 ~~distribution centers that optimize transportation and use just in-~~
19 ~~time inventory management and material handling for inputs to~~
20 ~~industrial processing.~~

21 ~~—— (b) "Eligible manufacturing personal property" means all~~
22 ~~personal property that is located on a parcel of real property if~~
23 ~~that personal property is used more than 50% of the time in~~
24 ~~industrial processing or in direct integrated support. The~~
25 ~~percentage of use of personal property in industrial processing or~~
26 ~~in direct integrated support shall be determined in the following~~
27 ~~manner:~~

1 ~~—— (i) Multiply the true cash value of each individual item of~~
 2 ~~personal property located on that parcel of real property by its~~
 3 ~~percentage of use in industrial processing or in direct integrated~~
 4 ~~support.~~

5 ~~—— (ii) Add the result of the calculation under subparagraph (i)~~
 6 ~~for all personal property located on that parcel of real property.~~

7 ~~—— (iii) Divide the result of the calculation under subparagraph~~
 8 ~~(ii) by the total true cash value of all personal property located~~
 9 ~~on that parcel of real property.~~

10 ~~—— (c) "Industrial processing" means the conversion or~~
 11 ~~conditioning of tangible personal property by changing the form,~~
 12 ~~composition, quality, combination, or character of the property for~~
 13 ~~ultimate sale at retail or for use in the manufacturing of a~~
 14 ~~product to ultimately be sold at retail. Industrial processing does~~
 15 ~~not include the generation of electricity for sale.~~

16 **(A) "DIRECT INTEGRATED SUPPORT", "ELIGIBLE MANUFACTURING**
 17 **PERSONAL PROPERTY", AND "INDUSTRIAL PROCESSING" MEAN THOSE TERMS AS**
 18 **DEFINED IN SECTION 9M.**

19 **(B) ~~(d)~~"Qualified previously existing personal property"**
 20 **means personal property that meets all of the following conditions:**

21 **(i) Is eligible manufacturing personal property.**

22 **(ii) Meets any of the following conditions:**

23 **(A) Has been subject to or exempt from the collection of taxes**
 24 **under this act for the immediately preceding 10 years.**

25 **(B) If that personal property was located both outside of and**
 26 **within this state in the immediately preceding 10 years, that**
 27 **personal property was subject to or exempt from the collection of**

1 taxes under this act, or would have been subject to or exempt from
2 the collection of taxes under this act if located in this state,
3 for the immediately preceding 10 years.

4 (C) If that personal property was located outside of this
5 state in the immediately preceding 10 years, that personal property
6 would have been subject to or exempt from the collection of taxes
7 under this act for the immediately preceding 10 years if that
8 personal property had been located in this state.