

**THE GENERAL PROPERTY TAX ACT (EXCERPT)**  
**Act 206 of 1893**  
**PERSONAL PROPERTY EXEMPTED.**

**211.9 Personal property exempt from taxation; real property; definitions.**

Sec. 9.

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

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

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

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

(d) Pensions receivable from the United States.

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

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

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

(h) The working tools of a mechanic of not more than \$500.00 in taxable value. "Mechanic", as used in this subdivision, means a person skilled in a trade pertaining to a craft or in the construction or repair of machinery if the person's employment by others requires the person to furnish the tools.

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

(j) Property actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, "agricultural operations" means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, or poultry, turf and tree farming, raising and harvesting of fish, collecting, evaporating, and preparing maple syrup if the owner of the property has \$25,000.00 or less in annual gross wholesale sales, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations, but excluding retail sales and food processing operations. Property used in agricultural operations includes all of the following:

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

(A) After the construction of the methane digester or the methane digester electric generating system is completed, the person claiming the exemption submits to the local tax collecting unit an application for the exemption and a copy of certification from the department of agriculture and rural development that it has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program in the year immediately preceding the year in which the affidavit is submitted. Three years after an application for exemption is approved and every 3 years thereafter, the person claiming the exemption shall submit to the local tax collecting unit an affidavit attesting that the department of agriculture and rural development has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program. The application for the exemption under this subparagraph must be in a form prescribed by the department of treasury and must be provided to the person claiming the exemption by the local tax collecting unit.

(B) When the application is submitted to the local tax collecting unit, the person claiming the exemption also submits certification provided by the department of environment, Great Lakes, and energy that the person is not currently being investigated for a violation of part 31 of the natural resources and environmental protection act,

1994 PA 451, MCL 324.3101 to 324.3134, that within a 3-year period immediately preceding the date the application is submitted to the local tax collecting unit, the person has not been found guilty of a criminal violation under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3134, and that within a 1-year period immediately preceding the date the application is submitted to the local tax collecting unit, the person has not been found responsible for a civil violation that resulted in a civil fine of \$10,000.00 or more under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3134.

(C) The person claiming an exemption cooperates by allowing access for not more than 2 universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste. Information collected under this sub-subparagraph must not be provided to the public in a manner that would identify the owner of the methane digester or the methane digester electric generating system or the farm operation on which the methane digester or the methane digester electric generating system is located. The identity of the owner of the methane digester or the methane digester electric generating system and the identity of the owner and location of the farm operation on which the methane digester or the methane digester electric generating system is located are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this sub-subparagraph, "university" means a public 4-year institution of higher education created under article VIII of the state constitution of 1963.

(D) The person claiming the exemption ensures that the methane digester and methane digester electric generating system are operated under the specific supervision and control of persons certified by the department of agriculture and rural development as properly qualified to operate the methane digester, methane digester electric generating system, and related waste treatment and control facilities. The department of agriculture and rural development shall consult with the department of environment, Great Lakes, and energy and the Michigan State University Cooperative Extension Service in developing the operator certification program.

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

(iii) A thermal depolymerization system. As used in this subparagraph, "thermal depolymerization system" means apparatus and equipment that use heat to break down natural and synthetic polymers and that can accept only organic waste.

(iv) Machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass. As used in this subparagraph, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

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

(vi) Machinery used to install land tile on property exempt under section 7ee as qualified agricultural property. If machinery is used to install land tile on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install land tile on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "land tile" means fired clay or perforated plastic tubing used as part of a subsurface drainage system for land.

(vii) Machinery used to install or implement soil and water conservation techniques on property exempt under section 7ee as qualified agricultural property. If machinery is used to install or implement soil and water conservation techniques on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install or implement soil and water conservation techniques on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "soil and water conservation techniques" means techniques for the conservation of soil and water described in the field office technical guide published by the Natural Resources Conservation Service of the United States Department of Agriculture.

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

(l) The products, materials, or goods processed or otherwise and in whatever form, but expressly excepting alcoholic beverages, located in a public warehouse, United States Customs port of entry bonded warehouse, dock, or port facility on December 31 of each year, if those products, materials, or goods are designated as in transit to destinations outside this state pursuant to the published tariffs of a railroad or common carrier by filing the freight bill covering the products, materials, or goods with the agency designated by the tariffs, entitling the shipper to

transportation rate privileges. Products in a United States Customs port of entry bonded warehouse that arrived from another state or a foreign country, whether awaiting shipment to another state or to a final destination within this state, are considered to be in transit and temporarily at rest, and not subject to the collection of taxes under this act. To obtain an exemption for products, materials, or goods under this subdivision, the owner shall file a sworn statement with, and in the form required by, the assessing officer of the tax district in which the warehouse, dock, or port facility is located, at a time between the tax day, December 31, and before the assessing officer closes the assessment rolls describing the products, materials, or goods, and reporting their cost and value as of December 31 of each year. The status of persons and products, materials, or goods for which an exemption is requested is determined as of December 31, which is the tax day. Any property located in a public warehouse, dock, or port facility on December 31 of each year that is exempt from taxation under this subdivision but that is not shipped outside this state pursuant to the particular tariff under which the transportation rate privilege was established must be assessed upon the immediately succeeding or a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission unless the owner or person entitled to possession of the products, materials, or goods is a resident of, or authorized to do business in, this state and files with the assessing officer, with whom statements of taxable property are required to be filed, a statement under oath that the products, materials, or goods are not for sale or use in this state and will be shipped to a point or points outside this state. If a person, firm, or corporation claims exemption by filing a sworn statement, the person, firm, or corporation shall append to the statement of taxable property required to be filed in the immediately succeeding year or, if a statement of taxable property is not filed for the immediately succeeding year, to a sworn statement filed on a form required by the assessing officer, a complete list of the property for which the exemption was claimed with a statement of the manner of shipment and of the point or points to which the products, materials, or goods were shipped from the public warehouse, dock, or port facility. The assessing officer shall assess the products, materials, or goods not shipped to a point or points outside this state upon the immediately succeeding assessment roll or on a subsequent assessment roll and the products, materials, or goods must be taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of tangible personal property must be open to and available for inspection, examination, or auditing by assessing officers. A warehouse, dock, port facility, individual, partnership, corporation, owner, or person in possession of tangible personal property shall report within 90 days after shipment of products, materials, or goods in transit, for which an exemption under this section was claimed or granted, the destination of shipments or parts of shipments and the cost value of those shipments or parts of shipments to the assessing officer. A warehouse, dock, port facility, individual, partnership, corporation, or owner is subject to a fine of \$100.00 for each failure to report the destination and cost value of shipments or parts of shipments as required in this subdivision. A person, firm, individual, partnership, corporation, or owner failing to report products, materials, or goods located in a warehouse, dock, or port facility to the assessing officer is subject to a fine of \$100.00 and a penalty of 50% of the final amount of taxes found to be assessable for the year on property not reported, the assessable taxes and penalty to be spread on a subsequent assessment roll in the same manner as general taxes on personal property. For the purpose of this subdivision, a public warehouse, dock, or port facility means a warehouse, dock, or port facility owned or operated by a person, firm, or corporation engaged in the business of storing products, materials, or goods for hire for profit that issues a schedule of rates for storage of the products, materials, or goods and that issues warehouse receipts under 1909 PA 303, MCL 443.50 to 443.55. A United States Customs port of entry bonded warehouse means a customs warehouse within a classification designated by 19 CFR 19.1 and that is located in a port of entry, as defined by 19 CFR 101.1. A portion of a public warehouse, United States Customs port of entry bonded warehouse, dock, or port facility leased to a tenant or a portion of any premises owned or leased or operated by a consignor or consignee or an affiliate or subsidiary of the consignor or consignee is not a public warehouse, dock, or port facility.

(m) Personal property owned by a bank or trust company organized under the laws of this state, a national banking association, or an incorporated bank holding company as defined in section 1841 of the bank holding company act of 1956, 12 USC 1841, that controls a bank, national banking association, trust company, or industrial bank subsidiary located in this state. Buildings owned by a state or national bank, trust company, or incorporated bank holding company and situated upon real property that the state or national bank, trust company, or incorporated bank holding company is not the owner of the fee are considered real property and are not exempt under this section. Personal property owned by a state or national bank, trust company, or incorporated bank holding company that is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit is not exempt under this section.

(n) Farm products, processed or otherwise, the ultimate use of which is for human or animal consumption as food, except wine, beer, and other alcoholic beverages regularly placed in storage in a public warehouse, dock, or port facility while in storage are considered in transit and only temporarily at rest and are not subject to the collection of taxes under this act. The assessing officer is the determining authority as to what constitutes, is defined as, or classified as, farm products as used in this subdivision. The records, accounts, and books of

warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of farm products must be open to and available for inspection, examination, or auditing by assessing officers.

(o) Sugar, in solid or liquid form, produced from sugar beets, dried beet pulp, and beet molasses if owned or held by processors.

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

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

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

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

(t) For taxes levied after December 31, 2000, aircraft excepted from the registration provisions of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and all other aircraft operating under the provisions of a certificate issued under 14 CFR part 121, and all spare parts for such aircraft.

(u) A facility for which a solar energy facility exemption certificate has been issued under the solar energy facilities taxation act, but not the land on which the facility is or will be located, for the period beginning on the effective date of the solar energy facility exemption certificate and continuing as long as the certificate is in force.

(2) As used in this section:

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

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

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

**History:** 1893, Act 206, Eff. June 12, 1893 ;-- Am. 1895, Act 25, Imd. Eff. Mar. 20, 1895 ;-- CL 1897, 3832 ;-- Am. 1909, Act 309, Eff. Sept. 1, 1909 ;-- CL 1915, 4003 ;-- Am. 1921, Act 297, Eff. Aug. 18, 1921 ;-- CL 1929, 3397 ;-- Am. 1931, Act 94, Imd. Eff. May 11, 1931 ;-- Am. 1934, 1st Ex. Sess., Act 10, Imd. Eff. Mar. 19, 1934 ;-- Am. 1935, Act 83, Eff. Sept. 21, 1935 ;-- Am. 1939, Act 232, Eff. Sept. 29, 1939 ;-- CL 1948, 21.9 ;-- Am. 1949, Act 261, Imd. Eff. June 7, 1949 ;-- Am. 1952, Act 213, Imd. Eff. Apr. 30, 1952 ;-- Am. 1953, Act 159, Eff. Oct. 2, 1953 ;-- Am. 1956, Act 206, Eff. Aug. 11, 1956 ;-- Am. 1958, Act 209, Eff. Sept. 13, 1958 ;-- Am. 1964, Act 275, Eff. Aug. 28, 1964 ;-- Am. 1966, Act 205, Imd. Eff. July 11, 1966 ;-- Am. 1967, Act 259, Imd. Eff. July 19, 1967 ;-- Am. 1968, Act 347, Eff. Nov. 15, 1968 ;-- Am. 1969, Act 169, Imd. Eff. Aug. 5, 1969 ;-- Am. 1971, Act 189, Imd. Eff. Dec. 20, 1971 ;-- Am. 1974, Act 83, Imd. Eff. Apr. 17, 1974 ;-- Am. 1976, Act 270, Imd. Eff. Oct. 6, 1976 ;-- Am. 1978, Act 54, Imd. Eff. Mar. 10, 1978 ;-- Am. 1984, Act 206, Imd. Eff. July 9, 1984 ;-- Am. 1990, Act 317, Eff. Mar. 28, 1991 ;-- Am. 1993, Act 273, Imd. Eff. Dec. 28, 1993 ;-- Am. 1996, Act 582, Imd. Eff. Jan. 17, 1997 ;-- Am. 2003, Act 140, Eff. Jan. 1, 2004 ;-- Am. 2006, Act 550, Imd. Eff. Dec. 29, 2006 ;-- Am. 2008, Act 334, Imd. Eff. Dec. 23, 2008 ;-- Am. 2008, Act 337, Imd. Eff. Dec. 23, 2008 ;-- Am. 2011, Act 289, Imd. Eff. Dec. 21, 2011 ;-- Am. 2011, Act 290, Imd. Eff. Dec. 21, 2011 ;-- Am. 2023, Act 109, Imd. Eff. July 27, 2023

**Compiler's Notes:** Enacting section 2 of Act 140 of 2003 provides: "Enacting section 2. Section 9 (t) of the general property tax act, 1893 PA 206, MCL 211.9, as added by this amendatory act is retroactive and is effective for taxes levied after December 31, 2000." For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

**Popular Name:** Act 206

## **211.9a Repealed. 1985, Act 147, Imd. Eff. Nov. 12, 1985.**

**Compiler's Notes:** The repealed section pertained to tax exemption for motor vehicles in stock.

**Popular Name:** Act 206

## **211.9b Special tool; exemption from taxation; definitions.**

Sec. 9b.

- (1) A special tool is exempt from the collection of taxes under this act.
- (2) The statement required under section 19 may provide for a separate line for providing the aggregate total original cost of excluded exempt special tools.
- (3) As used in this section:
  - (a) "Product" means an item of tangible property that is directly created or produced through the manufacturing process. A product may be any of the following items:
    - (i) A part.
    - (ii) A special tool.
    - (iii) A component.
    - (iv) A sub-assembly.
    - (v) Completed goods that are available for sale or lease in wholesale or retail trade.
  - (b) "Special tool" means a finished or unfinished device such as a die, jig, fixture, mold, pattern, special gauge, or similar device, that is used, or is being prepared for use, to manufacture a product and that cannot be used to manufacture another product without substantial modification of the device. The length of the economic life of the product manufactured shall not be considered in making a determination whether a device used to manufacture that product is a special tool. Special tools do not include the following:
    - (i) A device that differs in character from dies, jigs, fixtures, molds, patterns, or special gauges.
    - (ii) Standard tools.
    - (iii) Machinery or equipment, even if customized, and even if used in conjunction with special tools.
  - (c) "Standard tool" means a die, jig, fixture, mold, pattern, gauge, or other tool that is not a special tool. Standard tool does not include machinery or equipment, even if customized, and even if used in conjunction with special tools or standard tools.

**History:** Add. 1964, Act 197, Eff. Jan. 1, 1965 ;-- Am. 1994, Act 189, Imd. Eff. June 21, 1994 ;-- Am. 2003, Act 274, Imd. Eff. Jan. 8, 2004 ;-- Am. 2004, Act 4, Eff. Dec. 31, 2003

**Compiler's Notes:** Enacting section 1 of Act 4 of 2004 provides: "Enacting section 1. This amendatory act is retroactive and is effective December 31, 2003."

**Popular Name:** Act 206

**Admin Rule:** R 209.1 et seq. of the Michigan Administrative Code.

**211.9c Exemption of personal property from tax collection; "heavy earth moving equipment" and "inventory" defined.**

Sec. 9c.

- (1) Personal property that is inventory is exempt from the collection of taxes under this act.
- (2) As used in this section:
  - (a) "Heavy earth moving equipment" means industrial construction equipment that meets all of the following criteria:
    - (i) Is self-propelled.
    - (ii) Weighs 10,000 pounds or more.
    - (iii) Is designed and principally intended to move, transport, or reconfigure dirt, earth, soil, or other construction material at a construction site.
  - (b) "Inventory" means 1 of the following:
    - (i) The stock of goods held for resale in the regular course of trade of a retail or wholesale business.
    - (ii) Finished goods, goods in process, and raw materials of a manufacturing business.
    - (iii) Materials and supplies, including repair parts and fuel.
    - (iv) On and after December 31, 2000, heavy earth moving equipment subject to 1 or more lease agreements with the same person totaling not more than 1 year and principally intended for sale rather than lease. A lease agreement used to support this exemption shall be made available to the assessor on request and shall be considered confidential information to be used for assessment purposes only.
- (3) Inventory does not include the following:
  - (a) Before December 31, 2000, any of the following:
    - (i) Personal property under lease or principally intended for lease rather than sale.
    - (ii) Personal property allowed a deduction or allowance for depreciation or depletion under the internal revenue code of 1986.



- (b) On and after December 31, 2000, any of the following:
- (i) Personal property, other than heavy earth moving equipment, under lease or principally intended for lease rather than sale.
  - (ii) Heavy earth moving equipment subject to 1 or more lease agreements with the same person totaling more than 1 year or principally intended for lease rather than sale.
  - (iii) Personal property for which a deduction or allowance for depreciation, depletion, or amortization is allowed or has been taken under the internal revenue code of 1986.

**History:** Add. 1975, Act 234, Imd. Eff. Aug. 27, 1975 ;-- Am. 2000, Act 317, Imd. Eff. Oct. 24, 2000

**Popular Name:** Act 206

#### **211.9d Computer software exempt from taxation; construction of section; "computer software" defined.**

Sec. 9d.

- (1) Computer software is exempt from taxation under this act unless either of the following is true:
- (a) The software is incorporated as a permanent component of a computer, machine, piece of equipment, or device, or of real property, and the software is not commonly available separately.
  - (b) The cost of the software is included as part of the cost of a computer, machine, piece of equipment, or device, or of the cost of real property on the books or records of the taxpayer.
- (2) This section shall not be construed to affect the value of a machine, device, piece of equipment, or computer, or the value of real property, or to affect the taxable status of any other property subject to tax under this act.
- (3) As used in this section, "computer software" means a set of statements or instructions that when incorporated in a machine-usable medium is capable of causing a machine or device having information processing capabilities to indicate, perform, or achieve a particular function, task, or result.

**History:** Add. 1990, Act 286, Imd. Eff. Dec. 14, 1990

**Popular Name:** Act 206

#### **211.9e Intangible personal property exempt from taxes collected; effect of section on taxable status of computer software.**

Sec. 9e.

Intangible personal property is exempt from the collection of taxes under this act. This section does not affect the taxable status of computer software under section 9d.

**History:** Add. 1995, Act 9, Eff. Mar. 30, 1995

**Popular Name:** Act 206

#### **211.9f Personal property of business; resolution; tax exemption; duration; continuation; determination by state tax commission; adoption of resolution by Next Michigan development corporation; written agreement; exemption for eligible manufacturing personal property; delivery of combined document; definitions.**

Sec. 9f.

- (1) The governing body of an eligible local assessing district or, subject to subsection (5), the board of a Next Michigan development corporation in which an eligible local assessing district is a constituent member may adopt a resolution to exempt from the collection of taxes under this act all new personal property owned or leased by an

eligible business located in 1 or more eligible districts or distressed parcels designated in the resolution or an eligible Next Michigan business as provided in this section. The clerk of the eligible local assessing district or the recording officer of a Next Michigan development corporation shall notify in writing the assessor of the township or city in which the eligible district or distressed parcel is located and the legislative body of each taxing unit that levies ad valorem property taxes in the eligible local assessing district in which the eligible district or distressed parcel is located. Before acting on the resolution, the governing body of the eligible local assessing district or a Next Michigan development corporation shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing.

(2) The exemption under this section is effective on the December 31 immediately succeeding the adoption of the resolution by the governing body of the eligible local assessing district or a Next Michigan development corporation and, except as otherwise provided in subsection (9), continues in effect for a period specified in the resolution. However, an exemption must not be granted under this section after December 31, 2012 for an eligible business located in an eligible district identified in subsection (11)(f)(ix) or in an eligible local assessing district identified in subsection (11)(h)(ii). A copy of the resolution must be filed with the state tax commission, the state treasurer, and the president of the Michigan strategic fund. A resolution is not effective unless approved as provided in subsection (3).

(3) Not more than 60 days after receipt of a copy of the resolution adopted by the governing body of an eligible local assessing district under subsection (1), the state tax commission shall determine if the new personal property subject to the exemption is owned or leased by an eligible business and if the eligible business is located in 1 or more eligible districts. If the state tax commission determines that the new personal property subject to the exemption is owned or leased by an eligible business and that the eligible business is located in 1 or more eligible districts, the state treasurer, with the written concurrence of the president of the Michigan strategic fund, shall approve the resolution adopted under subsection (1) if the state treasurer and the president of the Michigan strategic fund determine that exempting new personal property of the eligible business is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state. In addition, for an eligible business located in an eligible local assessing district described in subsection (11)(h)(ii), the resolution adopted under subsection (1) must be approved if the state treasurer and the president of the Michigan strategic fund determine that granting the exemption is a net benefit to this state, that expansion, retention, or location of an eligible business will not occur in this state without this exemption, and that there is no significant negative effect on employment in other parts of this state as a result of the exemption.

(4) After December 31, 2016, a governing body of an eligible local assessing district shall not adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act without a written agreement entered into with the eligible business subject to the exemption, which written agreement contains a remedy provision that includes, but is not limited to, the following:

(a) A requirement that the exemption under this section is revoked if the eligible business is determined to be in violation of the provisions of the written agreement.

(b) A requirement that the eligible business may be required to repay all or part of the personal property taxes exempted under this section if the eligible business is determined to be in violation of the provisions of the written agreement.

(c) A requirement that the exemption under this section is revoked if the eligible business is determined to be in violation of the provisions concerning the exemption set forth in the resolution adopted under subsection (1).

(d) A requirement that the exemption under this section is revoked if continuance of the exemption would be contrary to any of the requirements of this section, including, but not limited to, the requirement that the eligible business be an eligible business or an acquiring eligible business under this section.

(5) A Next Michigan development corporation may only adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act for new personal property located in a Next Michigan development district. A Next Michigan development corporation shall not adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act without a written agreement entered into with the eligible Next Michigan business subject to the exemption, which written agreement contains a remedy provision that includes, but is not limited to, all of the following:

(a) A requirement that the exemption under this section is revoked if the eligible Next Michigan business is determined to be in violation of the provisions of the written agreement.

(b) A requirement that the eligible Next Michigan business may be required to repay all or part of the personal property taxes exempted under this section if the eligible Next Michigan business is determined to be in violation of the provisions of the written agreement.

(c) For an agreement entered into after December 31, 2016, a requirement that the exemption under this section is revoked if the eligible Next Michigan business is determined to be in violation of the provisions concerning the exemption set forth in the resolution adopted under subsection (1).

(d) For an agreement entered into after December 31, 2016, a requirement that the exemption under this section is revoked if continuance of the exemption would be contrary to any of the requirements of this section, including, but not limited to, the requirement that the eligible Next Michigan business be an eligible business or an acquiring

eligible business under this section.

(6) Subject to subsections (7) and (9), if an existing eligible business sells or leases new personal property exempt under this section to an acquiring eligible business, the exemption granted to the existing eligible business continues in effect for the period specified in the resolution adopted under subsection (1) for the new personal property purchased or leased from the existing eligible business by the acquiring eligible business and for any new personal property purchased or leased by the acquiring eligible business.

(7) After December 31, 2007, an exemption for an existing eligible business continues in effect for an acquiring eligible business under subsection (6) only if the continuation of the exemption is approved in a resolution adopted by the governing body of an eligible local assessing district or the board of a Next Michigan development corporation in which the eligible local assessing district is a constituent member.

(8) Notwithstanding 2000 PA 415, all of the following apply to an exemption under this section that was approved by the state tax commission on or before April 30, 1999, regardless of the effective date of the exemption:

(a) The exemption must be continued for the term authorized by the resolution adopted by the governing body of the eligible local assessing district and approved by the state tax commission with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(b) The exemption must not be impaired or restricted with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(9) Notwithstanding any other provision of this section to the contrary, if new personal property exempt under this section on or after December 31, 2012 is eligible manufacturing personal property, that eligible manufacturing personal property remains exempt under this section until the later of the following:

(a) The date that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under this act under section 9m, 9n, or 9o.

(b) The date that eligible manufacturing personal property is no longer exempt under the resolution adopted under subsection (1).

(10) An eligible business that owns or leases new personal property that is exempt under this section and that is eligible personal property shall deliver the combined document in the time, form, and manner prescribed in sections 9m and 9n to the assessor of the township or city in which the eligible personal property is located each year that the new personal property is eligible personal property. The form must indicate that the new personal property is eligible personal property.

(11) As used in this section:

(a) "Acquiring eligible business" means an eligible business that purchases or leases assets of an existing eligible business, including the purchase or lease of new personal property exempt under this section, and that will conduct business operations similar to those of the existing eligible business at the location of the existing eligible business within the eligible district.

(b) "Authorized business" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(c) "Eligible manufacturing personal property" means that term as defined in section 9m.

(d) "Distressed parcel" means a parcel of real property located in a city or village that meets all of the following conditions:

(i) Is located in a qualified downtown revitalization district. As used in this subparagraph, "qualified downtown revitalization district" means an area located within 1 or more of the following:

(A) The boundaries of a downtown district as defined in section 201 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201.

(B) The boundaries of a principal shopping district or a business improvement district as defined in section 1 of 1961 PA 120, MCL 125.981.

(C) The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.

(ii) Meets 1 of the following conditions:

(A) Has a blighted or functionally obsolete building located on the parcel. As used in this sub-subparagraph, "blighted" and "functionally obsolete" mean those terms as defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(B) Is a vacant parcel that had been previously occupied.

(iii) Is zoned to allow for mixed use.

(e) "Eligible business" means, effective August 7, 1998, a business engaged primarily in manufacturing, mining, research and development, wholesale trade, office operations, or the operation of a facility for which the business that owns or operates the facility is an eligible taxpayer. For purposes of a Next Michigan development corporation, eligible business means only an eligible Next Michigan business. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for



retail sales. Professional sports stadium does not include a sports stadium in existence on June 6, 2000 that is not used by a professional sports team on the date of the resolution adopted under subsection (1). As used in this subdivision, "casino" means a casino regulated by this state under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

(f) "Eligible district" means 1 or more of the following:

(i) An industrial development district as that term is defined in 1974 PA 198, MCL 207.551 to 207.572.

(ii) A renaissance zone as that term is defined in the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(iii) An enterprise zone as that term is defined in the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

(iv) A brownfield redevelopment zone as that term is designated under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

(v) An empowerment zone designated under subchapter U of chapter 1 of the internal revenue code of 1986, 26 USC 1391 to 1397F.

(vi) An authority district or a development area as those terms are defined in part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.

(vii) An authority district as that term is defined in part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420.

(viii) A downtown district or a development area as those terms are defined in part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.

(ix) An area that contains an eligible taxpayer.

(x) A Next Michigan development district.

(g) "Eligible distressed area" means 1 of the following:

(i) That term as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(ii) An area that contains an eligible taxpayer.

(h) "Eligible local assessing district" means a city, village, or township that contains an eligible distressed area or that is a party to an intergovernmental agreement creating a Next Michigan development corporation, or a city, village, or township that meets 1 or more of the following conditions and is located in a county all or a portion of which borders another state or Canada:

(i) Is currently served by not fewer than 4 of the following existing services:

(A) Water.

(B) Sewer.

(C) Police.

(D) Fire.

(E) Trash.

(F) Recycling.

(ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to 124.30, with a city, village, or township that provides not fewer than 4 of the following existing services:

(A) Water.

(B) Sewer.

(C) Police.

(D) Fire.

(E) Trash.

(F) Recycling.

(i) "Eligible Next Michigan business" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(j) "Eligible personal property" means that term as defined in section 3(e)(ii) or (iv) of the state essential services assessment act, 2014 PA 92, MCL 211.1053.

(k) "Eligible taxpayer" means a taxpayer that meets both of the following conditions:

(i) Is an authorized business.

(ii) Is eligible for tax credits described in section 9 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

(l) "Existing eligible business" means an eligible business identified in a resolution adopted under subsection (1) for which an exemption has been granted under this section.

(m) "New personal property" means personal property that was not previously subject to tax under this act or was not previously placed in service in this state and that is placed in an eligible district after a resolution under subsection (1) is approved. As used in this subdivision, for exemptions approved by the state treasurer under subsection (3) after April 30, 1999, new personal property does not include buildings described in section 14(6) and personal property described in section 8(h), (i), and (j). For exemptions subject to resolutions adopted under

subsection (1) after December 31, 2014, new personal property does not include eligible manufacturing personal property. For exemptions subject to resolutions adopted under subsection (1) after December 31, 2023, new personal property does not include a qualified solar energy facility as that term is defined in the solar energy facilities taxation act.

(n) "Next Michigan development corporation" and "Next Michigan development district" mean those terms as defined under the Next Michigan development act, 2010 PA 275, MCL 125.2951 to 125.2959.

**History:** Add. 1998, Act 328, Imd. Eff. Aug. 7, 1998 ;-- Am. 1999, Act 20, Imd. Eff. Apr. 30, 1999 ;-- Am. 2000, Act 415, Imd. Eff. Jan. 8, 2001 ;-- Am. 2004, Act 79, Imd. Eff. Apr. 21, 2004 ;-- Am. 2007, Act 115, Imd. Eff. Oct. 30, 2007 ;-- Am. 2007, Act 116, Imd. Eff. Oct. 30, 2007 ;-- Am. 2008, Act 230, Imd. Eff. July 17, 2008 ;-- Am. 2008, Act 285, Imd. Eff. Sept. 29, 2008 ;-- Am. 2008, Act 573, Imd. Eff. Jan. 16, 2009 ;-- Am. 2010, Act 249, Eff. Dec. 21, 2010 ;-- Am. 2010, Act 274, Imd. Eff. Dec. 15, 2010 ;-- Am. 2012, Act 399, Eff. Mar. 28, 2013 ;-- Am. 2014, Act 87, Imd. Eff. Apr. 1, 2014 ;-- Am. 2015, Act 119, Imd. Eff. July 10, 2015 ;-- Am. 2016, Act 108, Imd. Eff. May 6, 2016 ;-- Am. 2016, Act 329, Imd. Eff. Dec. 8, 2016 ;-- Am. 2017, Act 261, Eff. Dec. 31, 2017 ;-- Am. 2023, Act 109, Imd. Eff. July 27, 2023

**Compiler's Notes:** For transfer of Michigan strategic fund from department of management and budget to department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011. Enacting section 1 of Act 87 of 2014 provides: "Enacting section 1. The exclusion of generation, transmission, or distribution of electricity for sale from the definition of "industrial processing" under this amendatory act is not intended to affect any other provision of Michigan law or impact the decision in *Detroit Edison Company v Department of Treasury*, court of appeals docket no. 309732."

**Popular Name:** Act 206

#### **211.9g Area designated as rural enterprise community; exemption of personal property that is component part of natural gas distribution system.**

Sec. 9g.

Beginning December 30, 1998 until December 30, 2018, personal property located in an area designated as a rural enterprise community as of the effective date of the amendatory act that added this section under title XIII of the omnibus budget reconciliation act of 1993, Public Law 103-66, 107 Stat. 416, that is a component part of a natural gas distribution system is exempt from the collection of taxes under this act.

**History:** Add. 1998, Act 468, Imd. Eff. Jan. 4, 1999

**Popular Name:** Act 206

#### **211.9g[1] Leased bottled water coolers; exemption.**

Sec. 9g.

Bottled water coolers available for lease or subject to an existing lease are exempt from the collection of taxes under this act.

**History:** Add. 1998, Act 471, Imd. Eff. Jan. 4, 1999

**Compiler's Notes:** Section 9g, as added by Act 471 of 1998, was compiled as MCL 211.9g[1] to distinguish it from another section 9g, deriving from Act 468 of 1998 and pertaining to areas designated as rural enterprise communities.

**Popular Name:** Act 206

#### **211.9i Alternative energy personal property; exemption from tax.**

Sec. 9i.

(1) Subject to subsection (2), alternative energy personal property is exempt from the collection of taxes under this act as provided in this section.

(2) The exemption under this section applies to the following:

(a) Taxes levied on alternative energy personal property after December 31, 2002 and before January 1, 2013.

(b) Taxes levied on that category of alternative energy personal property described in subsection (3)(a)(i) after the effective date of the amendatory act that added this subdivision, without regard to ownership of the alternative energy personal property, provided that all of the following conditions are met:

(i) The alternative energy personal property has a generating capacity of not more than 150 kilowatts and is used solely to offset all or a portion of the commercial or industrial energy usage of the person upon whose real property the alternative energy personal property is located.

(ii) If installed after the effective date of the amendatory act that added this subparagraph, the alternative energy personal property has a true cash value that, when combined with the true cash value of all personal property exempt under section 9o as eligible personal property of the person claiming the exemption under this section or a related entity, equals less than \$80,000.00.

(3) As used in this section:

(a) "Alternative energy personal property" means all of the following:

(i) An alternative energy system.

(ii) An alternative energy vehicle.

(iii) All personal property of an alternative energy technology business.

(iv) The personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology.

(b) "Alternative energy system", "alternative energy vehicle", "alternative energy technology", and "alternative energy technology business" mean those terms as defined in the Michigan next energy authority act, 2002 PA 593, MCL 207.821 to 207.827.

**History:** Add. 2002, Act 549, Imd. Eff. July 26, 2002 ;-- Am. 2019, Act. 118, Imd. Eff. Nov. 15, 2019

**Popular Name:** Act 206

## **211.9j Tax exemption for property used by qualified high-technology business in innovations center.**

Sec. 9j.

(1) For taxes levied after December 31, 2004, upon application for an exemption under this section by the administration of an innovations center, the governing body of a local tax collecting unit may adopt a resolution to exempt from the collection of taxes under this act all personal property that is owned or used by any qualified high-technology business located in that innovations center and all personal property that is owned or used by the administration of that innovations center. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit and the legislative body of each taxing unit that levies ad valorem property taxes in the local tax collecting unit. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. A copy of the resolution shall be filed with the state tax commission. The application for exemption under this section shall be in a form prescribed by the state tax commission.

(2) The administration of an innovations center may claim the exemption under subsection (1) by filing an affidavit claiming the exemption with the assessor of the local tax collecting unit. The affidavit shall be in a form prescribed by the state tax commission.

(3) As used in this section:

(a) "Certified technology park" means that term as defined in section 2 of the local development financing act, 1986 PA 281, MCL 125.2152.

(b) "High-technology activity" means 1 or more of the following:

(i) Advanced computing, which is any technology used in the design and development of any of the following:

(A) Computer hardware and software.

(B) Data communications.

(C) Information technologies.

(ii) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.

(iii) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms,

or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning as defined in section 16274 of the public health code, 1978 PA 368, MCL 333.16274, or stem cell research with embryonic tissue.

(iv) Electronic device technology, which is any technology that involves microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics, and optical and optic-electrical devices, or data and digital communications and imaging devices.

(v) Engineering or laboratory testing related to the development of a product.

(vi) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including, but not limited to, environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.

(vii) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.

(viii) Life science technology, which is any technology that has a medical diagnostic or treatment value, including, but not limited to, pharmaceutical products.

(ix) Product research and development.

(c) "Innovations center" means real property that meets all of the following conditions:

(i) Is a business incubator as that term is defined in section 2 of the local development financing act, 1986 PA 281, MCL 125.2152.

(ii) Is located within a single building.

(iii) Is primarily used to provide space and administrative assistance to 1 or more qualified high-technology businesses located within the building.

(d) "Qualified high-technology business" means a business that is either of the following:

(i) A business with not less than 25% of the total operating expenses of the business used for research and development as determined under generally accepted accounting principles.

(ii) A business whose primary business activity is high-technology activity.

**History:** Add. 2004, Act 244, Imd. Eff. July 23, 2004

**Popular Name:** Act 206

## **211.9k Industrial personal property or commercial personal property; tax exemption.**

Sec. 9k.

For taxes levied after December 31, 2007, personal property classified under section 34c as industrial personal property or commercial personal property is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211. For taxes levied after December 31, 2007, personal property classified under section 34c as industrial personal property is exempt from the tax levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, as provided in section 3 of the state education tax act, 1993 PA 331, MCL 211.903.

**History:** Add. 2007, Act 40, Imd. Eff. July 12, 2007

**Compiler's Notes:** Enacting section 1 of Act 40 of 2007 provides: "Enacting section 1. It is the intent of the legislature to address potential revenue shortfalls for the payment of tax increment financing obligations that may result from the exemptions provided by this amendatory act and to evaluate the impact of this exemption on tax increment financing projects in the future."

**Popular Name:** Act 206

## **211.9m Qualified new personal property; exemption; combined document; requirements; denial of claim; books and records; fraudulent claim; definitions.**

Sec. 9m.

(1) Beginning December 31, 2015 and each year thereafter, qualified new personal property for which an exemption has been properly claimed under subsection (2) is exempt from the collection of taxes under this act.

(2) A person shall claim the exemption under this section and section 9n by filing a combined document that

includes: the form to claim the exemption under this section and section 9n, a report of the fair market value and year of acquisition by the first owner of qualified new personal property, and for any year before 2023, a statement under section 19. All of the following apply to a claim of the exemption under this section:

- (a) The combined document must be in a form and manner prescribed by the department of treasury.
- (b) Leasing companies are not eligible to receive the exemption under this section and may not use the combined document prescribed in this section. With respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, all of the following apply:
  - (i) If the personal property is eligible manufacturing personal property, the lessee and lessor may elect that the lessee report the leased personal property on the combined document.
  - (ii) An election made by the lessee and the lessor under this subdivision must be made in a form and manner approved by the department.
  - (iii) Absent an election, the personal property must be reported by the lessor on the personal property statement unless the exemption for eligible manufacturing personal property is claimed by the lessee on the combined document.

(c) The combined document prescribed in this section must be completed and delivered to the assessor of the township or city in which the qualified new personal property is located by February 20 of each year for any year the exemption is claimed before 2023 and the first year the exemption is claimed in a year after 2022. However, if February 20 of a year is a Saturday, Sunday, or legal holiday, the delivery deadline for that year is the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a combined document delivered by the United States Postal Service, the delivery is timely if the postmark date is on or before the delivery deadline prescribed in this subdivision. If the combined document prescribed in this section is not timely delivered to the assessor of the township or city, a late application may be filed directly with the March board of review before its final adjournment by submitting the combined document prescribed in this section. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice.

(d) The assessor shall transmit to the department of treasury the information contained in the combined document filed under this section, and other parcel information required by the department of treasury, in the form and manner prescribed by the department of treasury by no later than April 1.

(e) Beginning in 2023, an exemption granted under this section remains in effect until the personal property is no longer qualified new personal property. A person claiming an exemption under this section shall rescind the claim of exemption by February 20, or if February 20 of a year is a Saturday, Sunday, or legal holiday, the next day that is not a Saturday, Sunday, or legal holiday, of the year in which exempted property is no longer eligible for the exemption by filing with the assessor of the township or city a rescission form prescribed by the department of treasury and the statement required under section 19. Upon receipt of a timely filed rescission form, the local assessor shall immediately remove the exemption. An owner that fails to file a rescission for property later determined to be ineligible for the exemption will be subject to repayment of any additional taxes with interest as described in this subdivision. Upon discovery that the property is no longer eligible manufacturing personal property, the assessor shall remove the exemption of that personal property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the removal of the exemption, and the local treasurer shall within 30 days of the date of the discovery issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the removal of the exemption and the county treasurer shall within 30 days of the date of the removal prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(f) The assessor of the township or city shall annually transmit the rescission forms filed, or the information contained in the rescission forms filed, under this section to the department of treasury in the form and in the manner prescribed by the department of treasury no later than April 1.

(3) If the assessor of the township or city believes that personal property for which the form claiming an exemption is timely filed each year under subsection (2)(c) is not qualified new personal property or the form filed was incomplete, the assessor may deny that claim for exemption by notifying the person that filed the form in writing of the reason for the denial and advising the person that the denial must be appealed to the board of review under section 30 by filing a combined document as prescribed under subsection (2). If the denial is issued after the first meeting of the March board of review that follows the organizational meeting, the appeal of the denial is either to the March board of review or the Michigan tax tribunal by filing a petition and a completed combined document as prescribed under subsection (2), within 35 days of the denial notice. The assessor may deny a claim for exemption under this subsection for the current year only. If the assessor denies a claim for exemption, the assessor



shall remove the exemption of that personal property and amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes.

(4) A person claiming an exemption for qualified new personal property exempt under this section shall maintain books and records and shall provide access to those books and records as provided in section 22.

(5) If a person fraudulently claims an exemption for personal property under this section, that person is subject to the penalties provided for in section 21(2).

(6) As used in this section:

(a) "Affiliated person" means a sole proprietorship, partnership, limited liability company, corporation, association, flow-through entity, member of a unitary business group, or other entity related to a person claiming an exemption under this section.

(b) "Direct integrated support" means any of the following:

(i) Research and development related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

(ii) Testing and quality control functions related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

(iii) Engineering related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

(iv) Receiving or storing equipment, materials, supplies, parts, or components for industrial processing, or scrap materials or waste resulting from industrial processing, at the industrial processing site or at another site owned or leased by the owner or lessee of the industrial processing site.

(v) Storing of finished goods inventory if the inventory was produced by a business engaged primarily in industrial processing and if the inventory is stored either at the site where it was produced or at another site owned or leased by the business that produced the inventory.

(vi) Sorting, distributing, or sequencing functions that optimize transportation and just-in-time inventory management and material handling for inputs to industrial processing.

(c) "Eligible manufacturing personal property" means all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. For personal property that is construction in progress and part of a new facility not in operation, eligible manufacturing personal property means all personal property that is part of that new facility if that personal property will be predominantly used in industrial processing when the facility becomes operational. Personal property that is not owned, leased, or used by the person who owns or leases occupied real property where the personal property is located is not eligible manufacturing personal property, unless the personal property is located on the occupied real property to carry on a current on-site business activity. Personal property that is placed on occupied real property solely to qualify the personal property for an exemption under this section or section 9n is not eligible manufacturing personal property. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission, or distribution of electricity for sale are not eligible manufacturing personal property. Personal property located on occupied real property is predominantly used in industrial processing or direct integrated support if the result of the following calculation is more than 50%:

(i) Multiply the original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9n, and 9o and this section that is located on that occupied real property and that is not construction in progress by its percentage of use in industrial processing or in direct integrated support. For an item of personal property that is used in industrial processing, its percentage of use in industrial processing must equal the percentage of the exemption the property would be eligible for under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission, or distribution of electricity for sale is not included in this calculation.

(ii) Divide the result of the calculation under subparagraph (i) by the total original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9n, and 9o and this section that is located on that occupied real property and that is not construction in progress. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission, or distribution of electricity for sale is not included in this calculation.

(d) "Fair market value" means the fair market value of personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, installation, and other capitalized costs, except capitalized interest. There is a rebuttable presumption that the acquisition price paid by the first owner for personal property, and any costs of freight, sales tax, installation, and other capitalized costs, except capitalized interest, reflect the fair market value.

(e) "Industrial processing" means that term as defined in section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Industrial processing does not include the generation, transmission, or distribution of electricity for sale.

(f) "New personal property" means property that was initially placed in service in this state or outside of this state after December 31, 2012 or that was construction in progress on or after December 31, 2012 that had not

been placed in service in this state or outside of this state before 2013.

(g) "Occupied real property" means any of the following:

(i) A parcel of real property that is entirely owned, leased, or otherwise occupied by a person claiming an exemption under this section or under section 9n.

(ii) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under this section or under section 9n and that host a single, integrated business operation engaged primarily in industrial processing, direct integrated support, or both. A business operation is not engaged primarily in industrial processing, direct integrated support, or both if it engages in significant business activities that are not directly related to industrial processing or direct integrated support. Contiguity is not broken by a boundary between local tax collecting units, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. As used in this subparagraph, "single, integrated business operation" means a company that combines 1 or more related operations or divisions and operates as a single business unit.

(iii) The portion of a parcel of real property that is owned, leased, or otherwise occupied by a person claiming the exemption under this section or under section 9n or by an affiliated person.

(h) "Original cost" means the fair market value of personal property at the time of acquisition by the first owner. There is a rebuttable presumption that the acquisition price paid by the first owner for personal property reflects the original cost of that personal property. The department of treasury may provide guidelines for 1 or more of the following circumstances:

(i) Determining original cost of personal property when the actual acquisition price paid by the first owner for personal property is not determinative of the original cost of that personal property.

(ii) Estimating original cost of personal property when the actual acquisition price paid by the first owner for the personal property is unknown.

(iii) Adjusting original cost of personal property when the personal property is idle, is obsolete or has material obsolescence, or is surplus.

(i) "Person" means an individual, partnership, corporation, association, limited liability company, or any other legal entity.

(j) "Qualified new personal property" means property that meets all of the following conditions:

(i) Is eligible manufacturing personal property.

(ii) Is new personal property.

**History:** Add. 2012, Act 401, Eff. Mar. 28, 2013 ;-- Am. 2013, Act 154, Imd. Eff. Nov. 5, 2013 ;-- Am. 2014, Act 87, Imd. Eff. Apr. 1, 2014 ;-- Am. 2015, Act 119, Imd. Eff. July 10, 2015 ;-- Am. 2016, Act 108, Imd. Eff. May 6, 2016 ;-- Am. 2017, Act 42, Imd. Eff. May 25, 2017 ;-- Am. 2017, Act 261, Eff. Dec. 31, 2017 ;-- Am. 2021, Act 153, Imd. Eff. Dec. 27, 2021

**Compiler's Notes:** Enacting section 1 of Act 401 of 2012 provides: "Enacting section 1. Section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, as added by this amendatory act, is repealed if House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014." Enacting section 1 of Act 87 of 2014 provides: "Enacting section 1. The exclusion of generation, transmission, or distribution of electricity for sale from the definition of "industrial processing" under this amendatory act is not intended to affect any other provision of Michigan law or impact the decision in *Detroit Edison Company v Department of Treasury*, court of appeals docket no. 309732." Enacting section 1 of Act 89 of 2014 provides: "Enacting section 1. Section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, as added by this amendatory act, is repealed if either House Bill No. 6026 of the 96th Legislature, 2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is presented to the qualified electors of this state at an election to be held on the August regular election date in 2014 and the bill presented is not approved by a majority of the qualified electors of this state voting on the question."

**Compiler's Notes:** Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows: "APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS The amendatory act adopted by the Legislature would: 1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan. 2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services. 3. Increase portion of state use tax dedicated for aid to local school districts. 4. Prohibit Authority from increasing taxes. 5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation. Should this law be approved? YES [ ] NO [ ]". Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.

**Popular Name:** Act 206

## 211.9n Qualified previously existing personal property; exemption; combined document; requirements;

**denial of claim; books and records; fraudulent claim; definitions.**

**Sec. 9n.**

(1) Beginning December 31, 2015 and each year thereafter, qualified previously existing personal property for which an exemption has been properly claimed under subsection (2) is exempt from the collection of taxes under this act.

(2) A person shall claim the exemption under this section and section 9m by filing a combined document that includes: the form to claim the exemption under this section and section 9m, a report of the fair market value and year of acquisition by the first owner of qualified previously existing personal property, and for any year before 2023, a statement under section 19. All of the following apply to a claim of the exemption under this section:

(a) The combined document must be in a form and manner prescribed by the department of treasury.

(b) Leasing companies are not eligible to receive the exemption under this section and may not use the combined document prescribed in this section. With respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, all of the following apply:

(i) If the personal property is eligible manufacturing personal property, the lessee and lessor may elect that the lessee report the leased personal property on the combined document.

(ii) An election made by the lessee and the lessor under this subdivision must be made in a form and manner approved by the department.

(iii) Absent an election, the personal property must be reported by the lessor on the personal property statement unless the exemption for eligible manufacturing personal property is claimed by the lessee on the combined document.

(c) The combined document prescribed in this section must be completed and delivered to the assessor of the township or city in which the qualified previously existing personal property is located by February 20 of each year for any year the exemption is claimed before 2023 and the first year the exemption is claimed in a year after 2022. However, if February 20 of a year is a Saturday, Sunday, or legal holiday, the delivery deadline for that year is the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a combined document delivered by the United States Postal Service, the delivery is timely if the postmark date is on or before the delivery deadline prescribed in this subdivision. If the combined document prescribed in this section is not timely delivered to the assessor of the township or city, a late application may be filed directly with the March board of review before its final adjournment by submitting the combined document prescribed in this section. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice.

(d) The assessor shall transmit to the department of treasury the information contained in the combined document filed under this section, and other parcel information required by the department of treasury and in the manner prescribed by the department of treasury no later than April 1.

(e) Beginning in 2023, an exemption granted under this section remains in effect until the personal property is no longer qualified previously existing personal property. A person claiming an exemption under this section shall rescind the claim of exemption by February 20, or if February 20 of a year is a Saturday, Sunday, or legal holiday, the next day that is not a Saturday, Sunday, or legal holiday, of the year in which exempted property is no longer eligible for the exemption by filing with the assessor of the township or city a rescission form prescribed by the department of treasury and the statement required under section 19. Upon receipt of a timely filed rescission form, the local assessor shall immediately remove the exemption. An owner that fails to file a rescission for property later determined to be ineligible for the exemption will be subject to repayment of any additional taxes with interest as described in this subdivision. Upon discovery that the property is no longer eligible manufacturing personal property, the assessor shall remove the exemption of that personal property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the removal of the exemption, and the local treasurer shall within 30 days of the date of the discovery issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the removal of the exemption and the county treasurer shall within 30 days of the date of the removal prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(f) The assessor of the township or city shall annually transmit the rescission forms filed, or the information contained in the rescission forms filed, under this section to the department of treasury in the form and in the manner prescribed by the department of treasury no later than April 1.

(3) If the assessor of the township or city believes that personal property for which the form claiming an

exemption is timely filed each year under subsection (2)(c) is not qualified previously existing personal property or the form filed was incomplete, the assessor may deny that claim for exemption by notifying the person that filed the form in writing of the reason for the denial and advising the person that the denial must be appealed to the board of review under section 30 by filing a combined document as prescribed under subsection (2). If the denial is issued after the first meeting of the March board of review that follows the organizational meeting, the appeal of the denial is either to the March board of review or the Michigan tax tribunal by filing a petition and a completed combined document as prescribed under subsection (2), within 35 days of the denial notice. The assessor may deny a claim for exemption under this subsection for the current year only. If the assessor denies a claim for exemption, the assessor shall remove the exemption of that personal property and amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes.

(4) A person claiming an exemption for qualified previously existing personal property exempt under this section shall maintain books and records and shall provide access to those books and records as provided in section 22.

(5) If a person fraudulently claims an exemption for personal property under this section, that person is subject to the penalties provided for in section 21(2).

(6) As used in this section:

(a) "Direct integrated support", "eligible manufacturing personal property", "fair market value", and "industrial processing" mean those terms as defined in section 9m.

(b) "Person" means an individual, partnership, corporation, association, limited liability company, or any other legal entity.

(c) "Qualified previously existing personal property" means personal property that meets both of the following conditions:

(i) Is eligible manufacturing personal property.

(ii) Was first placed in service within this state or outside this state more than 10 years before the current calendar year.

**History:** Add. 2012, Act 403, Eff. Mar. 28, 2013 ;-- Am. 2013, Act 154, Imd. Eff. Nov. 5, 2013 ;-- Am. 2015, Act 119, Imd. Eff. July 10, 2015 ;-- Am. 2016, Act 108, Imd. Eff. May 6, 2016 ;-- Am. 2017, Act 42, Imd. Eff. May 25, 2017 ;-- Am. 2017, Act 261, Eff. Dec. 31, 2017 ;-- Am. 2021, Act 154, Imd. Eff. Dec. 27, 2021

**Compiler's Notes:** Enacting section 1 of Act 403 of 2012 provides: "Enacting section 1. Section 9n of the general property tax act, 1893 PA 206, MCL 211.9n, as added by this amendatory act, is repealed if House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014." Enacting section 1 of Act 91 of 2014 provides: "Enacting section 1. Section 9n of the general property tax act, 1893 PA 206, MCL 211.9n, as added by this amendatory act, is repealed if either House Bill No. 6026 of the 96th Legislature, 2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is presented to the qualified electors of this state at an election to be held on the August regular election date in 2014 and the bill presented is not approved by a majority of the qualified electors of this state voting on the question."

**Compiler's Notes:** Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows: "APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS The amendatory act adopted by the Legislature would: 1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan. 2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services. 3. Increase portion of state use tax dedicated for aid to local school districts. 4. Prohibit Authority from increasing taxes. 5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation. Should this law be approved? YES [ ] NO [ ]". Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.

**Popular Name:** Act 206

## **211.9o Eligible personal property; exemption; statement; books and records; audit program; filing rescission and statement if property no longer eligible; denial of claim for exemption; fraudulent claim; penalties; definitions.**

Sec. 9o.

(1) Beginning December 31, 2013, eligible personal property for which an exemption has been properly claimed under this section is exempt from the collection of taxes under this act.

(2) An owner of eligible personal property shall claim the exemption under this section in 1 of the following ways, as applicable:

(a) For a claim of exemption as to eligible personal property under subsection (9)(c)(ii)(A), by filing a statement



with the local tax collecting unit in which the eligible personal property is located not later than February 20 of the first year the exemption is claimed or, if February 20 of the first year the exemption is claimed is a Saturday, Sunday, or legal holiday, not later than the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a statement delivered by the United States Postal Service, the filing is timely if the postmark date is on or before the filing deadline prescribed in this subdivision. If the statement is not timely filed with the local tax collecting unit, a late submission may be filed directly with the March board of review before its final adjournment by submitting the statement prescribed in this subdivision. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice. A statement filed under this subdivision must be in a form prescribed by the state tax commission and must include any address where any property owned by, leased to, or in the possession of that owner or a related entity is located within that local tax collecting unit. In the statement, the owner shall attest that the combined true cash value of all industrial personal property and commercial personal property in that local tax collecting unit owned by, leased to, or in the possession of that owner or a related entity on December 31 of the immediately preceding year is less than \$80,000.00. An exemption granted pursuant to a claim filed under this subdivision remains in effect if the property's owner subsequently files a claim for exemption under subdivision (b) and 1 of the following conditions is met:

(i) It is determined that the property does not qualify for the exemption under this section as eligible personal property under subsection (9)(c)(ii)(B) but instead continues to qualify for the exemption under this section as eligible personal property under subsection (9)(c)(ii)(A).

(ii) After having been granted exempt status as eligible personal property under subsection (9)(c)(ii)(B), it is determined that the property's exempt status has returned to eligible personal property under subsection (9)(c)(ii)(A).

(b) For a claim of exemption as to eligible personal property under subsection (9)(c)(ii)(B), by annually filing a statement of personal property under section 19 with the local tax collecting unit in which the eligible personal property is located. Together with the statement of personal property, the owner shall also file a statement, in a form and manner prescribed by the department of treasury, attesting to the combined true cash value of all industrial personal property and commercial personal property in that local tax collecting unit owned by, leased to, or in the possession of that owner or a related entity on December 31 of the immediately preceding year, and that this combined true cash value is equal to or greater than \$80,000.00 and less than \$180,000.00. Not later than April 1 of each year, local tax collecting units shall transmit to the department of treasury, in a form and manner prescribed by the department of treasury, summary information of all exemptions granted each year pursuant to filings made under this subdivision for purposes of providing the department of treasury with data needed to compensate municipalities for revenue lost as a result of those exemptions, as described in section 3a of the Michigan trust fund act, 2000 PA 489, MCL 12.253a. A claim of exemption filed under this subdivision must be treated as a claim of exemption filed under subdivision (a) if it is determined that the property for which the exemption is claimed qualifies for the exemption under this section as eligible personal property under subsection (9)(c)(ii)(A).

(3) If a statement claiming the exemption under subsection (2)(a) is filed as provided in subsection (2)(a), the owner of that eligible personal property is not required to file a statement under section 19.

(4) A person who claims an exemption for eligible personal property under this section shall maintain books and records and shall provide access to those books and records as provided in section 22. A local unit of government may develop and implement an audit program that includes, but is not limited to, the audit of all information submitted under subsection (2) for the current calendar year and the 3 calendar years immediately preceding the commencement of an audit. Any assessment as a result of an audit must be paid in full within 35 days of issuance and must include interest as described in subsection (5).

(5) All of the following apply to an exemption granted under this section pursuant to a claim of exemption filed under subsection (2)(a):

(a) Except as otherwise provided in subsection (2)(a), the exemption remains in effect until the personal property is no longer eligible personal property under subsection (9)(c)(ii)(A). An owner whose personal property is no longer eligible personal property under this subdivision shall do 1 of the following, as applicable:

(i) If the owner intends to claim that the property is eligible personal property under subsection (9)(c)(ii)(B), file for the exemption under subsection (2)(b).

(ii) If the owner does not intend to claim that the property is eligible personal property under subsection (9)(c)(ii)(B), file by February 20 of the year that the property is no longer eligible a rescission and the statement required under section 19. The rescission must be filed on a form prescribed by the department of treasury. Upon receipt of a rescission form, the local assessor shall immediately remove the exemption.

(b) An owner who fails to file a rescission and whose property is later determined to be ineligible for the exemption will be subject to repayment of any additional taxes with interest as described in this subdivision. Upon discovery that the property is no longer eligible personal property, the assessor shall remove the exemption of that personal property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the removal of the exemption, and the local treasurer shall within 30 days of the date of the discovery issue a corrected



tax bill for any additional taxes with interest at the rate of 1.25% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the removal of the exemption and the county treasurer shall within 30 days of the date of the removal prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1.25% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1.25% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(6) If the assessor of the local tax collecting unit believes that personal property for which a statement claiming an exemption is timely and properly filed under subsection (2) is not eligible personal property, the assessor may deny that claim for exemption by notifying the person that filed the statement in writing of the reason for the denial and advising the person that the denial may be appealed to the board of review under section 30 during that tax year.

(7) The assessor may deny a claim for exemption granted under this section pursuant to a claim of exemption filed under subsection (2)(a) or (b) for the current year and for the 3 immediately preceding calendar years. If the assessor denies a claim for exemption under this subsection, the assessor shall remove the exemption of that personal property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes with interest at the rate of 1.25% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the denial and the county treasurer shall within 30 days of the date of the denial prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1.25% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1.25% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(8) If a person fraudulently claims an exemption for personal property under this section, that person is subject to the penalties provided for in section 21(2).

(9) As used in this section:

(a) "Commercial personal property" means personal property that is classified as commercial personal property under section 34c or would be classified as commercial personal property under section 34c if not exempt from the collection of taxes under this act under this section or section 9m or 9n.

(b) "Control", "controlled by", and "under common control with" mean the possession of the power to direct or cause the direction of the management and policies of a related entity, directly or indirectly, whether derived from a management position, official office, or corporate office held by an individual; by an ownership interest, beneficial interest, or equitable interest; or by contractual agreement or other similar arrangement. There is a rebuttable presumption that control exists if any person, directly or indirectly, owns, controls, or holds the power to vote, directly or by proxy, 10% or more of the ownership interest of any other person or has contributed more than 10% of the capital of the other person. Indirect ownership includes ownership through attribution or through 1 or more intermediary entities.

(c) "Eligible personal property" means property that meets all of the following conditions:

(i) Is industrial personal property or commercial personal property.

(ii) The combined true cash value of all industrial personal property and commercial personal property in that local tax collecting unit owned by, leased to, or in the possession of the person claiming an exemption under this section or a related entity on December 31 of the immediately preceding year is 1 of the following:

(A) Less than \$80,000.00.

(B) Equal to or greater than \$80,000.00 and less than \$180,000.00.

(iii) Is not leased to or used by a person that previously owned the property or a person that, directly or indirectly, controls, is controlled by, or is under common control with the person that previously owned the property.

(d) "Industrial personal property" means personal property that is classified as industrial personal property under section 34c or would be classified as industrial personal property under section 34c if not exempt from the collection of taxes under this act under this section or section 9m or 9n.

(e) "Person" means an individual, partnership, corporation, association, limited liability company, or any other legal entity.

(f) "Related entity" means a person that, directly or indirectly, controls, is controlled by, or is under common control with the person claiming an exemption under this section.

**History:** Add. 2012, Act 402, Eff. Mar. 28, 2013 ;-- Am. 2013, Act 153, Imd. Eff. Nov. 5, 2013 ;-- Am. 2017, Act 261, Eff. Dec. 31, 2017 ;-- Am. 2018, Act 132, Imd. Eff. May 3, 2018 ;-- Am. 2021, Act 150, Eff. Dec. 31, 2022 ;-- Am. 2023, Act 176, Eff. Dec. 31, 2023

**Compiler's Notes:** Enacting section 1 of Act 402 of 2012 provides: "Enacting section 1. Section 9o of the general property tax act, 1893 PA 206, MCL 211.9o, as added by this amendatory act, is repealed if House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014." Enacting section 1 of Act 90 of 2014 provides: "Enacting section 1. Section 9o of the general property tax act, 1893 PA 206, MCL 211.9o, as added by this amendatory act, is repealed if either House Bill No. 6026 of the 96th Legislature, 2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is presented to the qualified electors of this state at an election to be held on the August regular election date in 2014 and the bill presented is not approved by a majority of the qualified electors of this state voting on the question."

**Compiler's Notes:** Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows: "APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS The amendatory act adopted by the Legislature would: 1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan. 2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services. 3. Increase portion of state use tax dedicated for aid to local school districts. 4. Prohibit Authority from increasing taxes. 5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation. Should this law be approved? YES [ ] NO [ ]". Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.

**Popular Name:** Act 206

## **211.9p Qualified heavy equipment rental personal property; exemption; annual filing of statement; requirements; denial of claim; books and records; fraudulent claim; definitions.**

### **Sec. 9p.**

(1) Beginning December 31, 2022 and each year thereafter, qualified heavy equipment rental personal property for which an exemption has been properly claimed under subsection (2) is exempt from the collection of taxes under this act.

(2) A qualified renter shall claim the exemption under this section annually by filing each year with the local assessing unit in which is located the qualified renter business location a statement that includes the form to claim the exemption under this section and a statement of all qualified heavy equipment rental personal property located at and rented from the qualified renter business location. Qualified heavy equipment rental personal property rented from the qualified renter business location is not assessable at its location on tax day. The exemption claimed under this section applies to all qualified heavy equipment rental personal property located at and rented from a qualified renter business location. All of the following apply to a claim of the exemption under this section:

(a) The statement must be filed in a form and manner prescribed by the department of treasury.

(b) The statement must list the addresses of the qualified renter and must identify each item of qualified heavy equipment rental personal property located at and rented from the qualified renter business location.

(c) The statement filed for 2023, or filed for 2024 by a qualified renter that did not claim an exemption under this section for 2023, must include the amount of ad valorem property tax levied in this state in 2020, 2021, and 2022 on qualified heavy equipment rental personal property owned by the qualified renter and, for the qualified heavy equipment rental personal property either for which ad valorem property tax was paid for 2020, 2021, or 2022 or that was acquired or brought into this state during 2020, 2021, or 2022 by a qualified renter and rented from a qualified renter business location, the qualified renter's liability under the tax levied under the qualified heavy equipment rental personal property specific tax act for 2020, 2021, and 2022 if that tax had been in effect for those years. A qualified renter shall provide documentation of both amounts as required by the department of treasury. The department of treasury may audit the documentation submitted.

(d) All information regarding the claim for the exemption must be considered taxpayer confidential information whether in the possession of the department of treasury or the local assessing unit and is not subject to disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. This subdivision does not prohibit the department of treasury from sharing, as needed, information regarding a claim for the exemption under this section with local assessors.

(e) By not later than February 20, the statement prescribed in this section must be completed and delivered to the assessor of the township or city in which is located the qualified renter business location. However, if February 20 of a year is a Saturday, Sunday, or legal holiday, the delivery deadline for that year is the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a statement delivered by the United States Postal Service, the delivery is timely if the postmark date is on or before the delivery deadline prescribed in this subdivision. If the

statement prescribed in this section is not timely delivered to the appropriate assessor, a late application may be filed directly with the March board of review before its final adjournment by submitting the statement prescribed in this section. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice.

(f) By not later than April 1, the assessor shall transmit to the department of treasury the information contained in the statement filed under this section and other parcel information required by the department of treasury in the form and manner prescribed by the department of treasury.

(g) An exemption under this section applies only to the tax year in which the statement is filed. There is no requirement for the owner to file any subsequent notice or rescission for qualified heavy equipment rental personal property no longer in this state or at the qualified rental business location to the assessor or department of treasury. Qualified heavy equipment rental personal property listed as exempt on an assessment roll for a given tax year must not automatically be listed as exempt on the assessment roll for the next tax year.

(3) Qualified heavy equipment rental personal property is exempt under this section from the collection of taxes under this act only if the qualified heavy equipment rental personal property is located in this state on tax day and 1 of the following conditions is satisfied:

(a) The qualified heavy equipment rental personal property is permanently labeled with the name of the qualified renter and the qualified rental business location. This labeling requirement does not apply to attachments or ancillary equipment otherwise labeled in a way that identifies its owner, including, but not limited to, attachments or ancillary equipment labeled with a unique identification number.

(b) The qualified heavy equipment rental personal property is permanently labeled with the name and phone number of the qualified renter, and the qualified renter's annual claim of exemption filed under subsection (2) identifies the physical location of the qualified heavy equipment rental personal property on tax day. The labeling requirement provided for in this subdivision does not apply to attachments or ancillary equipment otherwise labeled in a way that identifies its owner, including, but not limited to, attachments or ancillary equipment labeled with a unique identification number.

(4) If the assessor of the township or city believes that personal property for which the form claiming an exemption is timely filed under subsection (2)(e) is not qualified heavy equipment rental personal property or the form filed was incomplete, the assessor may deny that claim for exemption by notifying the person that filed the form in writing of the reason for the denial and advising the person that the denial must be appealed to the board of review under section 30 by filing a statement as prescribed under subsection (2). If the denial is issued after the first meeting of the March board of review that follows the organizational meeting, the appeal of the denial is either to the March board of review or the Michigan tax tribunal by filing a petition and a statement as prescribed under subsection (2) within 35 days of the denial notice. If the assessor denies a claim for exemption, the assessor shall remove the exemption of that personal property and amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes.

(5) A person claiming an exemption for qualified heavy equipment rental personal property exempt under this section shall maintain books and records and shall provide access to those books and records as provided in section 22.

(6) If a person fraudulently claims an exemption for personal property under this section, that person is subject to the penalties provided for in section 21(2).

(7) All qualified heavy equipment rental personal property located at a qualified renter business location that has claimed an exemption in any given year under this section is not eligible to be exempt from the collection of taxes under this act under section 9m, 9n, or 9o.

(8) As used in this section:

(a) "Affiliate" means a person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person.

(b) "Attachments or ancillary equipment" means items that can be attached to, or used in conjunction with, heavy equipment, including, but not limited to, fittings, hoses, cabling, ducts, wiring, chains, hoists, portable power or air equipment, monitoring equipment, fluid containers, buckets, demolition hammers, grapple forks, trenchers, planers, and augers.

(c) "Control" means direct or indirect possession of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(d) "Own" or "ownership" means to have ownership of an equity interest, or the equivalent, of 10% or more in a person.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, or any other legal entity.

(f) "Qualified heavy equipment rental personal property" means any construction, earthmoving, or industrial equipment that is mobile and rented to customers by a qualified renter, including attachments or other ancillary equipment for that equipment. Qualified heavy equipment rental personal property does not include handheld tools or equipment solely designed for industry-specific uses in oil and gas exploration, mining, or forestry. For purposes

of this subdivision, equipment is mobile if it is not intended to be permanently affixed to real property for its intended use and can be moved among worksites. Qualified heavy equipment rental personal property includes, but is not limited to, any of the following:

- (i) A self-propelled vehicle that is not designed to be driven on the highway.
- (ii) Industrial electrical generation equipment.
- (iii) Industrial lift equipment.
- (iv) Industrial material handling equipment.
- (v) Industrial portable heating, ventilation, and air conditioning equipment.
- (vi) Industrial compressors, generators, or pumps.
- (vii) Equipment used in shoring, shielding, and ground trenching.
- (viii) Equipment or vehicles not subject to titling under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.
- (ix) Portable containers or office trailers.
- (x) Equipment used to support a construction or industrial jobsite.
- (g) "Qualified renter" means a person that meets all of the following:
  - (i) Is engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System published by the United States Census Bureau, 2017 edition.
  - (ii) Maintains in this state a qualified renter business location.
  - (iii) Receives more than 50% of its annual gross receipts from the rental of qualified heavy equipment rental personal property to the public or has an affiliate that receives more than 50% of the affiliate's annual gross receipts from the rental of qualified heavy equipment rental personal property to the public.
- (h) "Qualified renter business location" means the location within a local assessing unit where qualified heavy equipment rental personal property for which an exemption is claimed under this section is kept when it is not rented to a customer.
  - (i) "Rent" or "rental" means entering into an agreement for the use of property in exchange for consideration for a term of less than 365 consecutive days, or under an open-ended contract.

**History:** Add. 2022, Act 46, Imd. Eff. Mar. 23, 2022

**Popular Name:** Act 206