

HOUSE BILL No. 4442

March 5, 1997, Introduced by Reps. Green, McManus, Horton, Jellema, Kukuk, Lowe, Oxender and Raczkowski and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 9 (MCL 211.9), as amended by 1993 PA 273.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

4 (c) The property of posts of the grand army of the republic,
5 sons of veterans' unions, and of the women's relief corps con-
6 nected ~~therewith~~ WITH POSTS OF THE GRAND ARMY OF THE REPUBLIC
7 AND SONS OF VETERANS' UNIONS, of young men's Christian associa-
8 tions, women's Christian temperance union associations, young
9 people's Christian unions, a boy or girl scout or camp fire girls
10 organization, 4-H clubs, and other similar associations.

11 (d) Pensions receivable from the United States.

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

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

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

26 (h) The working tools of a mechanic ~~to the state equalized~~
27 ~~value~~ of not more than \$500.00 IN TAXABLE VALUE. "Mechanic", as

1 used in this subdivision, means a person skilled in a trade
2 pertaining to a craft or in the construction or repair of machin-
3 ery if the person's employment by others is dependent on his or
4 her furnishing the tools.

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

7 (j) Property actually being used in agricultural operations
8 and the farm implements held for sale or resale by retail servic-
9 ing dealers for use in agricultural production. As used in this
10 subdivision, "agricultural operations" means farming in all its
11 branches, including cultivation of the soil, growing and harvest-
12 ing of an agricultural, horticultural, or floricultural commodi-
13 ty, dairying, raising of livestock, bees, fur-bearing animals, or
14 poultry, turf and tree farming, raising and harvesting of fish,
15 and any practices performed by a farmer or on a farm as an inci-
16 dent to, or in conjunction with, farming operations, but exclud-
17 ing retail sales and food processing operations. Property used
18 in agricultural operations includes machinery used to prepare the
19 crop for market operated incidental to a farming operation that
20 does not substantially alter the form, shape, or substance of the
21 crop and is limited to cleaning, cooling, washing, pitting, grad-
22 ing, sizing, sorting, drying, bagging, boxing, crating, and han-
23 dling if not less than 33% of the volume of the crops processed
24 in the year ending on the applicable tax day or in at least 3 of
25 the immediately preceding 5 years were grown by the farmer in
26 Michigan who is the owner or user of the crop processing
27 machinery.

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

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

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

1 statement FILED on a form required by the assessing officer,
2 ~~shall be filed showing~~ a complete list of the property for
3 which the exemption was claimed with a statement of the manner of
4 shipment and of the point or points to which the products, mate-
5 rials, or goods were shipped from the public warehouse, dock, or
6 port facility. ~~and~~ THE ASSESSING OFFICER SHALL ASSESS the pro-
7 ducts, materials, or goods not shipped to a point or points out-
8 side this state ~~shall be assessed~~ upon the next succeeding
9 assessment roll ~~,~~ or on a subsequent assessment roll ~~by the~~
10 ~~assessing officer~~ and THE PRODUCTS, MATERIALS, OR GOODS SHALL BE
11 taxed at the same rate of taxation as other taxable properties
12 for the year or years for which the property was exempted ~~,~~ to
13 the owner at the time of the omission. The records, accounts,
14 and books of warehouses, docks, or port facilities, individuals,
15 partnerships, corporations, owners, or those in possession of
16 tangible personal property shall be open to and available for
17 inspection, examination, or auditing by assessing officers. A
18 warehouse, dock, ~~or~~ port facility, individual, partnership,
19 corporation, owner, or person in possession of tangible personal
20 property, shall report within 90 days after shipment of products,
21 materials, or goods in transit, for which AN exemption under this
22 section was claimed or granted, the destination of shipments or
23 parts of shipments and the cost value ~~thereof~~ OF THE SHIPMENTS
24 OR PARTS OF SHIPMENTS to the assessing officer. ~~For failure to~~
25 ~~comply with this requirement, the~~ A warehouse, dock, ~~or~~ port
26 facility, individual, partnership, corporation, or owner is
27 subject to a fine of \$100.00 for each ~~omission~~ FAILURE TO

1 REPORT THE DESTINATION AND COST VALUE OF SHIPMENTS OR PARTS OF
2 SHIPMENTS AS REQUIRED IN THIS SUBDIVISION. A person, firm, indi-
3 vidual, partnership, corporation, or owner failing to report pro-
4 ducts, materials, or goods located in a warehouse, dock, or port
5 facility to the assessing officer is subject to a fine of \$100.00
6 and a penalty of 50% of the final amount of taxes found to be
7 assessable for the year on property not reported, the assessable
8 taxes and penalty to be spread on a subsequent assessment roll in
9 the same manner as general taxes on personal property. For the
10 purpose of this subdivision, a public warehouse, dock, or port
11 facility means a warehouse, dock, or port facility owned or oper-
12 ated by a person, firm, or corporation engaged in the business of
13 storing products, materials, or goods for hire for profit who
14 issues a schedule of rates for storage of the products, materi-
15 als, or goods and who issues warehouse receipts pursuant to ~~Act~~
16 ~~No. 303 of the Public Acts of 1909, as amended, being sections~~
17 ~~443.50 to 443.55 of the Michigan Compiled Laws~~ 1909 PA 303, MCL
18 553.50 TO 553.55. A United States customs port of entry bonded
19 warehouse means a warehouse within a classification designated by
20 19 C.F.R. 19.1 and ~~which~~ THAT is located in a port of entry, as
21 defined by 19 C.F.R. ~~101.1(m)~~ 101.1. A portion of a public
22 warehouse, United States customs port of entry bonded warehouse,
23 dock, or port facility leased to a tenant or a portion of any
24 premises owned or leased or operated by a consignor or consignee
25 or an affiliate or subsidiary of the consignor or consignee
26 ~~shall~~ IS not ~~be considered~~ a public warehouse, dock, or port
27 facility.

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

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

1 corporations, owners, or those in possession of farm products
2 shall be open to and available for inspection, examination, or
3 auditing by assessing officers.

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

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

21 (q) All equipment used exclusively in wood harvesting, but
22 not including portable or stationary sawmills or other equipment
23 used in secondary processing operations. As used in this subdi-
24 vision, "wood harvesting" means ~~the~~ clearing ~~of~~ land for
25 forest management purposes, ~~the~~ planting ~~of~~ trees, ~~and~~ all
26 forms of cutting or chipping ~~of~~ trees, and ~~the~~ loading ~~of~~
27 ~~them~~ TREES on trucks for removal from the harvest area.

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

8 (S) THE PERSONAL PROPERTY OF A FARMERS' COOPERATIVE. AS
9 USED IN THIS SUBDIVISION, "FARMERS' COOPERATIVE" MEANS THAT TERM
10 AS DESCRIBED IN SECTION 521(b)(1) OF THE INTERNAL REVENUE CODE.