

# HOUSE BILL No. 4339

March 12, 2003, Introduced by Rep. DeRossett 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 1996 PA 582.

## 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.



(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, ~~and the~~ 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 ~~to the state equalized value~~ 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 ~~to the state equalized value~~ of not more than \$500.00 **in taxable value**. "Mechanic", as used in this subdivision, means a person skilled in a trade



1 pertaining to a craft or in the construction or repair of  
2 machinery if the person's employment by others is dependent on  
3 his or her furnishing the tools.

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

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



1 machinery.

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

7 (l) The products, materials, or goods processed or otherwise  
8 and in whatever form, but expressly excepting alcoholic  
9 beverages, located in a public warehouse, United States customs  
10 port of entry bonded warehouse, dock, or port facility on  
11 December 31 of each year, if those products, materials, or goods  
12 are designated as in transit to destinations ~~out of~~ **outside**  
13 **this** state pursuant to the published tariffs of a railroad or  
14 common carrier by ~~the~~ filing ~~of~~ the freight bill covering the  
15 products, materials, or goods with the agency designated by the  
16 tariffs, ~~so as to entitle~~ **entitling** the shipper to  
17 transportation rate privileges. Products in a United States  
18 customs port of entry bonded warehouse that arrived from another  
19 state or a foreign country, whether awaiting shipment to another  
20 state or to a final destination within this state, are considered  
21 to be in transit and temporarily at rest, and not subject to  
22 personal property taxation. To obtain **an exemption for products,**  
23 **materials, or goods under this subdivision,** the owner shall file  
24 a sworn statement with, and in the form required by, the  
25 assessing officer of the tax district in which the warehouse,  
26 dock, or port facility is located, at a time between the tax day,  
27 December 31, and before ~~closing of~~ the **assessing officer closes**



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



1 required to be filed in the ~~next~~ **immediately succeeding** year  
 2 or, if a statement of taxable property is not filed for the  
 3 ~~next~~ **immediately succeeding** year, to a sworn statement **filed** on  
 4 a form required by the assessing officer, ~~shall be filed~~  
 5 ~~showing~~ a complete list of the property for which the exemption  
 6 was claimed with a statement of the manner of shipment and of the  
 7 point or points to which the products, materials, or goods were  
 8 shipped from the public warehouse, dock, or port facility. ~~and~~  
 9 **The assessing officer shall assess** the products, materials, or  
 10 goods not shipped to a point or points outside this state ~~shall~~  
 11 ~~be assessed~~ upon the ~~next~~ **immediately** succeeding assessment  
 12 roll ~~—~~ or on a subsequent assessment roll ~~by the assessing~~  
 13 ~~officer~~ and **the products, materials, or goods shall be** taxed at  
 14 the same rate of taxation as other taxable ~~properties~~ **property**  
 15 for the year or years for which the property was exempted ~~—~~ to  
 16 the owner at the time of the omission. The records, accounts,  
 17 and books of warehouses, docks, or port facilities, individuals,  
 18 partnerships, corporations, owners, or those in possession of  
 19 tangible personal property shall be open to and available for  
 20 inspection, examination, or auditing by assessing officers. A  
 21 warehouse, dock, ~~or~~ port facility, individual, partnership,  
 22 corporation, owner, or person in possession of tangible personal  
 23 property shall report within 90 days after shipment of products,  
 24 materials, or goods in transit, for which **an** exemption under this  
 25 section was claimed or granted, the destination of shipments or  
 26 parts of shipments and the cost value of those shipments **or parts**  
 27 **of shipments** to the assessing officer. ~~For failure to comply~~



1 ~~with this requirement, the~~ A warehouse, dock, ~~or~~ port  
2 facility, individual, partnership, corporation, or owner is  
3 subject to a fine of \$100.00 for each ~~omission~~ **failure to**  
4 **report the destination and cost value of shipments or parts of**  
5 **shipments as required in this subdivision.** A person, firm,  
6 individual, partnership, corporation, or owner failing to report  
7 products, materials, or goods located in a warehouse, dock, or  
8 port facility to the assessing officer is subject to a fine of  
9 \$100.00 and a penalty of 50% of the final amount of taxes found  
10 to be assessable for the year on property not reported, the  
11 assessable taxes and penalty to be spread on a subsequent  
12 assessment roll in the same manner as general taxes on personal  
13 property. For the purpose of this subdivision, a public  
14 warehouse, dock, or port facility means a warehouse, dock, or  
15 port facility owned or operated by a person, firm, or corporation  
16 engaged in the business of storing products, materials, or goods  
17 for hire for profit who issues a schedule of rates for storage of  
18 the products, materials, or goods and who issues warehouse  
19 receipts pursuant to ~~Act No. 303 of the Public Acts of 1909,~~  
20 ~~being sections 443.50 to 443.55 of the Michigan Compiled Laws~~  
21 **1909 PA 303, MCL 443.50 to 443.55.** A United States customs port  
22 of entry bonded warehouse means a **customs** warehouse within a  
23 classification designated by 19 C.F.R. 19.1 and ~~which~~ **that** is  
24 located in a port of entry, as defined by 19 C.F.R. ~~101.1(m)~~  
25 **101.1.** A portion of a public warehouse, United States customs  
26 port of entry bonded warehouse, dock, or port facility leased to  
27 a tenant or a portion of any premises owned or leased or operated



1 by a consignor or consignee or an affiliate or subsidiary of the  
2 consignor or consignee ~~shall~~ **is** not ~~be considered~~ a public  
3 warehouse, dock, or port facility.

4 (m) Personal property owned by a bank or trust company  
5 organized under the laws of this state, **a** national banking  
6 association, or **an** incorporated bank holding company as defined  
7 in section 2 of the bank holding company act of 1956,  
8 chapter 240, 70 Stat. 133, 12 U.S.C. 1841, that controls a bank,  
9 national banking association, trust company, or industrial bank  
10 subsidiary located in this state. ~~However, buildings~~ **Buildings**  
11 owned by a state or national bank, trust company, or incorporated  
12 bank holding company and situated upon lands of which the state  
13 or national bank, trust company, or incorporated bank holding  
14 company is not the owner of the fee are considered real property  
15 and are not exempt from taxation. ~~and personal~~ **Personal**  
16 property owned by a state or national bank, trust company, or  
17 incorporated bank holding company that is leased, loaned, or  
18 otherwise made available to and used by a private individual,  
19 association, or corporation in connection with a business  
20 conducted for profit is not exempt from taxation.

21 (n) Farm products, processed or otherwise, the ultimate use  
22 of which is for human or animal consumption as food, except wine,  
23 beer, and other alcoholic beverages regularly placed in storage  
24 in a public warehouse, dock, or port facility ~~—~~ while in  
25 storage are considered in transit and only temporarily at rest  
26 ~~—~~ and are not subject to personal property taxation. The  
27 assessing officer is the determining authority as to what



1 constitutes, is defined as, or classified as, farm products as  
 2 used in this subdivision. The records, accounts, and books of  
 3 warehouses, docks, or port facilities, individuals, partnerships,  
 4 corporations, owners, or those in possession of farm products  
 5 shall be open to and available for inspection, examination, or  
 6 auditing by assessing officers.

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

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

23 (q) All equipment used exclusively in wood harvesting, but  
 24 not including portable or stationary sawmills or other equipment  
 25 used in secondary processing operations. As used in this  
 26 subdivision, "wood harvesting" means ~~the~~ clearing ~~of~~ land for  
 27 forest management purposes, ~~the~~ planting ~~of~~ trees, ~~and~~ all



1 forms of cutting or chipping ~~of~~ trees, and ~~the~~ loading ~~of~~  
2 ~~them~~ **trees** on trucks for removal from the harvest area.

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

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

11 (t) The personal property of a farmers' cooperative if that  
12 personal property would be exempt under subdivision (j) if owned  
13 by a member of that farmers' cooperative. As used in this  
14 subdivision, "farmers' cooperative" means a farmers' cooperative  
15 corporation governed by section 98 of 1931 PA 327, MCL 450.98.