HOUSE BILL No. 4521

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March 10, 2009, Introduced by Rep. Meadows and referred to the Committee on Energy and Technology.

A bill to amend 1893 PA 206, entitled

"The general property tax act,"

by amending section 8 (MCL 211.8), as amended by 2006 PA 633.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 8. For the purposes of taxation, personal property includes all of the following:

(a) All goods, chattels, and effects within this state.

(b) All goods, chattels, and effects belonging to inhabitants of this state, located without this state, except that property actually and permanently invested in business in another state shall not be included.

(c) All interests owned by individuals in real property, the

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fee title to which is in this state or the United States, except as otherwise provided in this act.

(d) For taxes levied before January 1, 2003, buildings and improvements located upon leased real property, except if the value of the real property is also assessed to the lessee or owner of those buildings and improvements. For taxes levied after December 31, 2002, buildings and improvements located upon leased real property, except buildings and improvements exempt under section 9f or improvements assessable under subdivision (h), shall be assessed as real property under section 2 to the owner of the buildings or improvements in the local tax collecting unit in which the buildings or improvements are located if the value of the buildings or improvements is not otherwise included in the assessment of the real property. For taxes levied after December 31, 2001, buildings and improvements exempt under section 9f or improvements assessable under subdivision (h) and located on leased real property shall be assessed as personal property.

(e) Tombs or vaults built within any burial grounds and kept for hire or rent, in whole or in part, and the stock of a corporation or association owning the tombs, vaults, or burial grounds.

(f) All other personal property not enumerated in this section and not especially exempted by law.

(g) The personal property of gas and coke companies, natural gas companies, electric light companies, waterworks companies, hydraulic companies, and pipe line companies transporting oil or gas as public or common carriers, to be assessed in the local tax collecting unit in which the personal property is located. The mains, pipes, supports, and wires of these companies, including the supports and wire or other line used for communication purposes in the operation of those facilities, and the rights of way and the easements or other interests in real property by virtue of which the mains, pipes, supports, and wires are erected and maintained, shall be assessed as personal property in the local tax collecting unit where laid, placed, or located. Interests in underground rock strata used for gas storage purposes, whether by lease or ownership separate from the surface of real property, shall be separately valued and assessed as personal property in the local tax collecting unit in which it is located to the person who holds the interest. Interests in underground rock strata shall be reported as personal property to the appropriate assessing officer for all property descriptions included in the storage field in the local tax collecting unit and a separate valuation shall be assessed for each school district. The personal property of street railroad, plank road, cable or electric railroad or transportation companies, bridge companies, and all other companies not required to pay a specific tax to this state in lieu of all other taxes, shall, except as otherwise provided in this section, be assessed in the local tax collecting unit in which the property is located, used, or laid, and the track, road, or bridge of a company is considered personal property. None of the property assessable as personal property under this subdivision shall be affected by any assessment or tax levied on the real property through or over which the personal property is laid, placed, or located, nor shall any right of way, easement, or other interest in real property, assessable as personal property under this subdivision, be extinguished or otherwise affected in case the real property subject to assessment is sold in the exercise of the taxing power.

(h) During the tenancy of a lessee, leasehold improvements and structures installed and constructed on real property by the lessee, provided and to the extent the improvements or structures add to the true cash taxable value of the real property notwithstanding that the real property is encumbered by a lease agreement, and the value added by the improvements or structures is not otherwise included in the assessment of the real property or not otherwise assessable under subdivision (j). The cost of leasehold improvements and structures on real property shall not be the sole indicator of value. Leasehold improvements and structures assessed under this subdivision shall be assessed to the lessee.

(i) A leasehold estate received by a sublessor from which the sublessor receives net rentals in excess of net rentals required to be paid by the sublessor except to the extent that the excess rentals are attributable to the installation and construction of improvements and structures assessed under subdivision (h) or (j) or included in the assessment of the real property. For purposes of this act, a leasehold estate is considered to be owned by the lessee receiving additional net rentals. A lessee in possession is required to provide the assessor with the name and address of its lessor. Taxes collected under this act on leasehold estates shall become a lien against the rentals paid by the sublessee to the sublessor.

(j) To the extent not assessed as real property, a leasehold estate of a lessee created by the difference between the income that would be received by the lessor from the lessee on the basis of the present economic income of the property as defined and allowed by section 27(4), minus the actual value to the lessor under the lease. This subdivision does not apply to property if subject to a lease entered into before January 1, 1984 for which the terms of the lease governing the rental rate or the tax liability have not been renegotiated after December 31, 1983. This subdivision does not apply to a nonprofit housing cooperative. As used in this subdivision, "nonprofit cooperative housing corporation" means a nonprofit cooperative housing corporation that is engaged in providing housing services to its stockholders and members and that does not pay dividends or interest upon stock or membership investment but that does distribute all earnings to its stockholders or members.

(k) For taxes levied after December 31, 2002, a trade fixture.

(*l*) For taxes levied after December 31, 2005, a wind energy system. As used in this subdivision, "wind energy system" means an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, which uses moving air to produce power. **WIND ENERGY SYSTEM ALSO INCLUDES ANY FOUNDATION, EASEMENT, OR RIGHT OF WAY ASSOCIATED WITH A TOWER. A WIND ENERGY SYSTEM IS AN ALTERNATIVE ENERGY SYSTEM AND IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT AS PROVIDED IN SECTION 9I.**