

**SUBSTITUTE FOR  
SENATE BILL NO. 552**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 8 (MCL 211.8), as amended by 2013 PA 162.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

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

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

8       (c) All interests owned by individuals in real property, the  
9 fee title to which is in this state or the United States, except as  
10 otherwise provided in this act.

1           (d) For taxes levied before January 1, 2003, buildings and  
2 improvements located upon leased real property, except if the value  
3 of the real property is also assessed to the lessee or owner of  
4 those buildings and improvements. For taxes levied after December  
5 31, 2002, buildings and improvements located upon leased real  
6 property, except buildings and improvements exempt under section 9f  
7 or improvements assessable under subdivision (h), shall be assessed  
8 as real property under section 2 to the owner of the buildings or  
9 improvements in the local tax collecting unit in which the  
10 buildings or improvements are located if the value of the buildings  
11 or improvements is not otherwise included in the assessment of the  
12 real property. For taxes levied after December 31, 2001, buildings  
13 and improvements exempt under section 9f or improvements assessable  
14 under subdivision (h) and located on leased real property shall be  
15 assessed as personal property.

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

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

22           (g) The personal property of gas and coke companies, natural  
23 gas companies, electric light companies, waterworks companies,  
24 hydraulic companies, and pipe line companies transporting oil or  
25 gas as public or common carriers, to be assessed in the local tax  
26 collecting unit in which the personal property is located. The  
27 mains, pipes, supports, and wires of these companies, including the

1 supports and wire or other line used for communication purposes in  
2 the operation of those facilities, and the rights of way and the  
3 easements or other interests in real property by virtue of which  
4 the mains, pipes, supports, and wires are erected and maintained,  
5 shall be assessed as personal property in the local tax collecting  
6 unit where laid, placed, or located. Interests in underground rock  
7 strata used for gas storage purposes, whether by lease or ownership  
8 separate from the surface of real property, shall be separately  
9 valued and assessed as personal property in the local tax  
10 collecting unit in which it is located to the person who holds the  
11 interest. Interests in underground rock strata shall be reported as  
12 personal property to the appropriate assessing officer for all  
13 property descriptions included in the storage field in the local  
14 tax collecting unit and a separate valuation shall be assessed for  
15 each school district. The personal property of street railroad,  
16 plank road, cable or electric railroad or transportation companies,  
17 bridge companies, and all other companies not required to pay a  
18 specific tax to this state in lieu of all other taxes, shall,  
19 except as otherwise provided in this section, be assessed in the  
20 local tax collecting unit in which the property is located, used,  
21 or laid, and the track, road, or bridge of a company is considered  
22 personal property. None of the property assessable as personal  
23 property under this subdivision shall be affected by any assessment  
24 or tax levied on the real property through or over which the  
25 personal property is laid, placed, or located, nor shall any right  
26 of way, easement, or other interest in real property, assessable as  
27 personal property under this subdivision, be extinguished or

1 otherwise affected in case the real property subject to assessment  
2 is sold in the exercise of the taxing power.

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

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

26 (j) To the extent not assessed as real property, a leasehold  
27 estate of a lessee created by the difference between the income

1 that would be received by the lessor from the lessee on the basis  
2 of the present economic income of the property as defined and  
3 allowed by section 27(5), minus the actual value to the lessor  
4 under the lease. This subdivision does not apply to property if  
5 subject to a lease entered into before January 1, 1984 for which  
6 the terms of the lease governing the rental rate or the tax  
7 liability have not been renegotiated after December 31, 1983. This  
8 subdivision does not apply to a nonprofit housing cooperative. As  
9 used in this subdivision, "nonprofit cooperative housing  
10 corporation" means a nonprofit cooperative housing corporation that  
11 is engaged in providing housing services to its stockholders and  
12 members and that does not pay dividends or interest upon stock or  
13 membership investment but that does distribute all earnings to its  
14 stockholders or members.

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

16 (l) For taxes levied after December 31, 2005, a wind energy  
17 system. As used in this subdivision, "wind energy system" means an  
18 integrated unit consisting of a wind turbine composed of a rotor,  
19 an electrical generator, a control system, an inverter or other  
20 power conditioning unit, and a tower, which uses moving air to  
21 produce power.

22 (M) FOR TAXES LEVIED AFTER DECEMBER 31, 2012, THE MACHINERY,  
23 APPLIANCES, PIPELINES, TANKS, AND OTHER EQUIPMENT USED IN THE  
24 DEVELOPMENT OR OPERATION OF OIL AND GAS WELLS, INCLUDING IN-GROUND  
25 CASING, TUBING, AND OTHER EQUIPMENT LOCATED IN WELLS. DRILLING,  
26 SERVICE, AND OTHER COSTS ASSOCIATED WITH DRILLING WELLS SHALL NOT  
27 BE CONSIDERED IN DETERMINING THE PERSONAL PROPERTY'S ASSESSED VALUE

1 OR TAXABLE VALUE AND SHALL NOT BE CONSIDERED AN INDICATOR OF THE  
2 PERSONAL PROPERTY'S ASSESSED VALUE OR TAXABLE VALUE.