

# HOUSE BILL No. 5149

September 24, 1991, Introduced by Reps. Randall, Allen, Willis Bullard, Robertson, Middaugh, Bender, Bodem, Niederstadt, Weeks, Oxender, Strand, Horton, Walberg, Sparks, Wozniak, McBryde, DeMars, Shugars, Dobb and Gnodtke and referred to the Committee on Taxation.

A bill to amend section 9 of Act No. 206 of the Public Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No. 317 of the Public Acts of 1990, being section 211.9 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 9 of Act No. 206 of the Public Acts of  
2 1893, as amended by Act No. 317 of the Public Acts of 1990, being  
3 section 211.9 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 9. The following personal property is exempt from  
6 taxation:

7 (a) The personal property of charitable, educational, and  
8 scientific institutions incorporated under the laws of this  
9 state. This exemption does not apply to secret or fraternal

1 societies, but the personal property of all charitable homes of  
2 the societies and nonprofit corporations that own and operate  
3 facilities for the aged and chronically ill in which the net  
4 income from the operation of the corporations does not inure to  
5 the benefit of a person other than the residents is exempt.

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

9 (c) The property of posts of the grand army of the republic,  
10 sons of veterans' unions, and of the women's relief corps con-  
11 nected ~~therewith~~ WITH THEM, of young men's Christian associa-  
12 tions, women's Christian temperance union associations, young  
13 people's Christian unions, a boy or girl scout or camp fire girls  
14 organization, 4-H clubs, and other similar associations.

15 (d) Pensions receivable from the United States.

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

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

25 (g) Household furnishings, provisions, and fuel to the state  
26 equalized value of not more than \$5,000.00, ~~to~~ OF each social  
27 or professional fraternity, sorority, and student cooperative

1 house recognized by the educational institution at which it is  
2 located.

3 (h) The working tools of a mechanic to the state equalized  
4 value of not more than \$500.00. "Mechanic", as used in this sub-  
5 division, means a person skilled in a trade pertaining to a craft  
6 or in the construction or repair of machinery if the person's  
7 employment by others is dependent on his or her furnishing the  
8 tools.

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

11 (j) Property actually being used in agricultural operations  
12 and the farm implements held for sale or resale by retail servic-  
13 ing dealers for use in agricultural production. As used in this  
14 subdivision, "agricultural operations" means farming in all its  
15 branches, including cultivation of the soil, growing and harvest-  
16 ing of an agricultural, horticultural, or floricultural commodi-  
17 ty, dairying, raising of livestock, bees, fur-bearing animals, or  
18 poultry, turf and tree farming, raising and harvesting of fish,  
19 and any practices performed by a farmer or on a farm as an inci-  
20 dent to, or in conjunction with, farming operations, but exclud-  
21 ing retail sales operations.

22 (k) Personal property to the state equalized value of not  
23 more than ~~-\$500.00-~~ \$1,000.00 used by a householder in the opera-  
24 tion of a business in the householder's dwelling or at 1 other  
25 location in the city, township, or village where the householder  
26 resides. THE AMOUNT OF STATE EQUALIZED VALUE USED TO DETERMINE  
27 THE EXEMPTION UNDER THIS SUBDIVISION SHALL BE ADJUSTED EACH YEAR

1 BY THE INCREASE OR DECREASE IN THE CONSUMER PRICE INDEX FOR THE  
2 IMMEDIATELY PRECEDING YEAR AS REPORTED BY THE UNITED STATES  
3 DEPARTMENT OF LABOR.

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

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

1 facility and the products, materials, or goods not shipped to a  
2 point or points outside this state shall be assessed upon the  
3 next succeeding assessment roll, or on a subsequent assessment  
4 roll by the assessing officer and taxed at the same rate of taxa-  
5 tion as other taxable properties for the year or years for which  
6 the property was exempted, to the owner at the time of the  
7 omission. The records, accounts, and books of warehouses, docks,  
8 or port facilities, individual, partnerships, corporations,  
9 owners, or those in possession of tangible personal property  
10 shall be open to and available for inspection, examination, or  
11 auditing by assessing officers. A warehouse, dock, or port  
12 facility, individual, partnership, corporation, owner, or person  
13 in possession of tangible personal property ~~—~~ shall report  
14 within 90 days after shipment of products, materials, or goods in  
15 transit, for which AN exemption under this section was claimed or  
16 granted, the destination of shipments or parts of shipments and  
17 the cost value ~~thereof~~ OF THOSE SHIPMENTS to the assessing  
18 officer. ~~In case of~~ FOR failure to comply with this require-  
19 ment, the warehouse, dock, or port facility, individual, partner-  
20 ship, corporation, or owner is subject to a fine of \$100.00 for  
21 each omission. A person, firm, individual, partnership, corpora-  
22 tion, or owner failing to report products, materials, or goods  
23 located in a warehouse, dock, or port facility to the assessing  
24 officer is subject to a fine of \$100.00 and a penalty of 50% of  
25 the final amount of taxes found to be assessable for the year on  
26 property not reported, the assessable taxes and penalty to be  
27 spread on a subsequent assessment roll in the same manner as

1 general taxes on personal property. For the purpose of this  
2 subdivision, a public warehouse, dock, or port facility means a  
3 warehouse, dock, or port facility owned or operated by a person,  
4 firm, or corporation engaged in the business of storing products,  
5 materials, or goods for hire for profit who issues a schedule of  
6 rates for storage of the products, materials, or goods and who  
7 issues warehouse receipts pursuant to Act No. 303 of the Public  
8 Acts of 1909, as amended, being sections 443.50 to 443.55 of the  
9 Michigan Compiled Laws. A United States customs port of entry  
10 bonded warehouse means a warehouse within a classification desig-  
11 nated by 19 C.F.R. 19.1 and which is located in a port of entry,  
12 as defined by 19 C.F.R. 101.1(m). A portion of a public ware-  
13 house, United States customs port of entry bonded warehouse,  
14 dock, or port facility leased to a tenant or a portion of any  
15 premises owned or leased or operated by a consignor or consignee  
16 or an affiliate or subsidiary of the consignor or consignee  
17 ~~shall~~ IS not ~~be~~ considered a public warehouse, dock, or port  
18 facility.

19 (m) Personal property owned by a bank or trust company orga-  
20 nized under the laws of this state, national banking association,  
21 or incorporated bank holding company as defined in section 2 of  
22 the bank holding company act of 1956, 12 U.S.C. 1841, that con-  
23 trols a bank, national banking association, trust company, or  
24 industrial bank subsidiary located in this state. However,  
25 buildings owned by a state or national bank, trust company, or  
26 incorporated bank holding company and situated upon lands of  
27 which the state or national bank, trust company, or incorporated

1 bank holding company is not the owner of the fee are considered  
2 real property and are not exempt from taxation and personal prop-  
3 erty owned by a state or national bank, trust company, or incor-  
4 porated bank holding company that is leased, loaned, or otherwise  
5 made available to and used by a private individual, association,  
6 or corporation in connection with a business conducted for profit  
7 is not exempt from taxation.

8 (n) Farm products processed or otherwise, the ultimate use  
9 of which is for human or animal consumption as food, except wine,  
10 beer, and other alcoholic beverages, regularly placed in storage  
11 in a public warehouse, dock, or port facility, while in storage  
12 are considered in transit and only temporarily at rest, and are  
13 not subject to personal property taxation. The assessing officer  
14 is the determining authority as to what constitutes, is defined  
15 as, or classified as, farm products as used in this subdivision.  
16 The records, accounts, and books of warehouses, docks, or port  
17 facilities, individuals, partnerships, corporations, owners, or  
18 those in possession of farm products shall be open to and avail-  
19 able for inspection, examination, or auditing by assessing  
20 officers.

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

24 (p) The personal property of a parent cooperative  
25 preschool. As used in this subdivision and section ~~7~~ 7Z,  
26 "parent cooperative preschool" means a nonprofit,  
27 nondiscriminatory educational institution maintained as a



1 community service and administered by parents of children  
2 currently enrolled in the preschool, that provides an educational  
3 and developmental program for children younger than compulsory  
4 school age, that provides an educational program for parents,  
5 including active participation with children in preschool activi-  
6 ties, that is directed by qualified preschool personnel, and that  
7 is licensed by the department of social services under Act  
8 No. 116 of the Public Acts of 1973, as amended, being sections  
9 722.111 to 722.128 of the Michigan Compiled Laws.

10 (q) All equipment used exclusively in wood harvesting, but  
11 not including portable or stationary sawmills or other equipment  
12 used in secondary processing operations. As used in this subdi-  
13 vision, "wood harvesting" means the clearing of land for forest  
14 management purposes, the planting of trees, and all forms of cut-  
15 ting or chipping of trees and the loading of them on trucks for  
16 removal from the harvest area.

17 (r) Liquefied petroleum gas tanks located on residential or  
18 agricultural property and used to store liquefied petroleum gas  
19 for residential or agricultural property use. As used in this  
20 subdivision, "liquefied petroleum gas" means that term as defined  
21 in section 51 of Act No. 150 of the Public Acts of 1927, being  
22 section 207.151 of the Michigan Compiled Laws.