

Act No. 273
Public Acts of 1993
Approved by the Governor
December 22, 1993
Filed with the Secretary of State
December 28, 1993

**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Reps. Gustafson, Gnodtke, Whyman, Hill, Middleton, McManus, Llewellyn and Wetters

ENROLLED HOUSE BILL No. 4833

AN ACT to amend section 9 of Act No. 206 of the Public Acts of 1893, entitled as amended "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this 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:

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

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

(a) The personal property of charitable, educational, and scientific institutions incorporated under the laws of this state. This exemption does not apply to secret or fraternal societies, but the personal property of all charitable homes of the societies and nonprofit corporations that own and operate facilities for the aged and chronically ill in which the net income from the operation of the corporations does not inure to the benefit of a person other than the 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 therewith, 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, to 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. "Mechanic", as used in this subdivision, means a person skilled in a trade pertaining to a craft or in the construction or repair of machinery if the person's employment by others is dependent on his or her furnishing the tools.

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

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

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

(l) The products, materials, or goods processed or otherwise and in whatever form, but expressly excepting alcoholic beverages, located in a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility on December 31 of each year, if those products, materials, or goods are designated as in transit to destinations out of state pursuant to the published tariffs of a railroad or common carrier by the filing of the freight bill covering the products, materials, or goods with the agency designated by the tariffs, so as to entitle the shipper to transportation rate privileges. Products in a United States customs port of entry bonded warehouse that arrived from another state or a foreign country, whether awaiting shipment to another state or to a final destination within this state, shall be considered to be in transit and temporarily at rest, and not subject to personal property taxation. To obtain exemption, the owner shall file a sworn statement with, and in the form required by, the assessing officer of the tax district in which the warehouse, dock, or port facility is located, at a time between the tax day, December 31, and before closing of the assessment rolls by the assessing officer, describing the products, materials, or goods, and reporting their cost and value as of December 31 of each year. The status of persons, and products, materials, or goods for which exemption is requested shall be determined as of December 31, which shall be the tax day. The assessment on the basis of average monthly inventory shall not apply in valuing products, materials, or goods for which exemption is requested. Any property located in a public warehouse, dock, or port facility on December 31 of each year, which is exempt from taxation under this subdivision but which is not shipped outside the state pursuant to the particular tariff under which the transportation rate privilege was established, shall be assessed upon the next succeeding or a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable properties for the year or years for which the property was exempted, to the owner at the time of the omission, unless the owner or person entitled to possession of the products, materials, or goods is a resident of, or authorized to do business in, this state and files with the assessing officer, with whom statements of taxable property are required to be filed, a statement under oath that the products, materials, or goods are not for sale or use in this state and will be shipped to a point or points outside this state. If a person, firm, or corporation claims exemption by the filing of a sworn statement, the person, firm, or corporation shall append to the statement of taxable property required to be filed in the next year or, if a statement of taxable property is not filed for the next year, a sworn statement on a form required by the assessing officer shall be filed showing a complete list of the property for which the exemption was claimed with a statement of the manner of shipment and of the point or points to which the products, materials, or goods were shipped from the public warehouse,

dock, or port facility and the products, materials, or goods not shipped to a point or points outside this state shall be assessed upon the next succeeding assessment roll, or on a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable properties for the year or years for which the property was exempted, to the owner at the time of the omission. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of tangible personal property shall be open to and available for inspection, examination, or auditing by assessing officers. A warehouse, dock, or port facility, individual, partnership, corporation, owner, or person in possession of tangible personal property, shall report within 90 days after shipment of products, materials, or goods in transit, for which exemption under this section was claimed or granted, the destination of shipments or parts of shipments and the cost value thereof to the assessing officer. For failure to comply with this requirement, the warehouse, dock, or port facility, individual, partnership, corporation, or owner is subject to a fine of \$100.00 for each omission. A person, firm, individual, partnership, corporation, or owner failing to report products, materials, or goods located in a warehouse, dock, or port facility to the assessing officer is subject to a fine of \$100.00 and a penalty of 50% of the final amount of taxes found to be assessable for the year on property not reported, the assessable taxes and penalty to be spread on a subsequent assessment roll in the same manner as general taxes on personal property. For the purpose of this subdivision, a public warehouse, dock, or port facility means a warehouse, dock, or port facility owned or operated by a person, firm, or corporation engaged in the business of storing products, materials, or goods for hire for profit who issues a schedule of rates for storage of the products, materials, or goods and who issues warehouse receipts pursuant to Act No. 303 of the Public Acts of 1909, as amended, being sections 443.50 to 443.55 of the Michigan Compiled Laws. A United States customs port of entry bonded warehouse means a warehouse within a classification designated by 19 C.F.R. 19.1 and which is located in a port of entry, as defined by 19 C.F.R. 101.1(m). A portion of a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility leased to a tenant or a portion of any premises owned or leased or operated by a consignor or consignee or an affiliate or subsidiary of the consignor or consignee shall not be considered a public warehouse, dock, or port facility.

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

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

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

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

(q) All equipment used exclusively in wood harvesting, but not including portable or stationary sawmills or other equipment used in secondary processing operations. As used in this subdivision, "wood harvesting" means the clearing of land for forest management purposes, the planting of trees, and all forms of cutting or chipping of trees and the loading of them on trucks for removal from the harvest area.

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

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.