



HOUSE BILL No. 4653

April 22, 1993, Introduced by Reps. Randall, Profit, Horton, Pitoniak, Bryant, Cropsey, McBryde, Shugars, DeLange and McNutt 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~~ 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~~ INDIVIDUALS, partnerships, cor-
9 porations, owners, or those in possession of tangible personal
10 property shall be open to and available for inspection, examina-
11 tion, or auditing by assessing officers. A warehouse, dock, or
12 port facility, individual, partnership, corporation, owner, or
13 person in possession of tangible personal property ~~—~~ shall
14 report within 90 days after shipment of products, materials, or
15 goods in transit, for which AN exemption under this section was
16 claimed or granted, the destination of shipments or parts of
17 shipments and the cost value ~~thereof~~ OF THOSE SHIPMENTS to the
18 assessing officer. ~~In case of~~ FOR failure to comply with this
19 requirement, the warehouse, dock, or port facility, individual,
20 partnership, corporation, or owner is subject to a fine of
21 \$100.00 for each omission. A person, firm, individual, partner-
22 ship, corporation, or owner failing to report products, materi-
23 als, or goods located in a warehouse, dock, or port facility to
24 the assessing officer is subject to a fine of \$100.00 and a pen-
25 alty of 50% of the final amount of taxes found to be assessable
26 for the year on property not reported, the assessable taxes and
27 penalty to be spread on a subsequent assessment roll in the same

1 manner as general taxes on personal property. ~~For the purpose~~
 2 ~~of~~ AS USED IN this subdivision, a "public warehouse, dock, or
 3 port facility" means a warehouse, dock, or port facility owned or
 4 operated by a person, firm, or corporation engaged in the busi-
 5 ness of storing products, materials, or goods for hire for profit
 6 who issues a schedule of rates for storage of the products, mate-
 7 rials, or goods and who issues warehouse receipts pursuant to Act
 8 No. 303 of the Public Acts of 1909, as amended, being sections
 9 443.50 to 443.55 of the Michigan Compiled Laws. A "United States
 10 customs port of entry bonded warehouse" means a warehouse within
 11 a classification designated by 19 C.F.R. 19.1 and ~~which~~ THAT is
 12 located in a port of entry, as defined by 19 C.F.R. 101.1(m). A
 13 portion of a public warehouse, United States customs port of
 14 entry bonded warehouse, dock, or port facility leased to a tenant
 15 or a portion of any premises owned or leased or operated by a
 16 consignor or consignee or an affiliate or subsidiary of the con-
 17 signor or consignee ~~shall~~ IS not ~~be~~ considered a public ware-
 18 house, dock, or port 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, CHAPTER 240, 70 STAT. 133,
 23 12 U.S.C. 1841, that controls a bank, national banking associa-
 24 tion, trust company, or industrial bank subsidiary located in
 25 this state. However, buildings owned by a state or national
 26 bank, trust company, or incorporated bank holding company and
 27 situated upon lands of which the state or national bank, trust

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