



HOUSE BILL No. 4833

June 3, 1993, Introduced by Reps. Gustafson, Gnodtke, Whyman, Hill, Middleton, McManus, Llewellyn and Wetters 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, of young men's Christian associations, women's
12 Christian temperance union associations, young people's Christian
13 unions, a boy or girl scout or camp fire girls organization, 4-H
14 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 each social or
27 professional fraternity, sorority, and student cooperative house

1 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. PROPERTY USED IN AGRICULTURAL OPER-
22 ATIONS INCLUDES CROP PROCESSING MACHINERY THAT DOES NOT SUBSTAN-
23 Tially ALTER THE NATURE OF THE CROP OPERATED INCIDENTAL TO A
24 FARMING OPERATION IF NOT LESS THAN 51% OF THE CROPS PROCESSED IN
25 AT LEAST 3 OF THE IMMEDIATELY PRECEDING 5 YEARS WERE GROWN BY THE
26 OWNER OF THE CROP PROCESSING MACHINERY.

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

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

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

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

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

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