



HOUSE BILL No. 4407

February 15, 1995, Introduced by Reps. Geiger, Weeks, Perricone, Cropsey, DeMars, London, McNutt and Jaye and referred to the Committee on Tax Policy.

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. 273 of the Public Acts of 1993, 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. 273 of the Public Acts of 1993, 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 and food processing operations. Property used
22 in agricultural operations includes machinery used to prepare the
23 crop for market operated incidental to a farming operation that
24 does not substantially alter the form, shape, or substance of the
25 crop and is limited to cleaning, cooling, washing, pitting, grad-
26 ing, sizing, sorting, drying, bagging, boxing, crating, and
27 handling if not less than 33% of the volume of the crops

1 processed in the year ending on the applicable tax day or in at
2 least 3 of the immediately preceding 5 years were grown by the
3 farmer in Michigan who is the owner or user of the crop process-
4 ing machinery.

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

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

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

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

1 in a warehouse, dock, or port facility to the assessing officer
2 is subject to a fine of \$100.00 and a penalty of 50% of the final
3 amount of taxes found to be assessable for the year on property
4 not reported, the assessable taxes and penalty to be spread on a
5 subsequent assessment roll in the same manner as general taxes on
6 personal property. For the purpose of this subdivision, a public
7 warehouse, dock, or port facility means a warehouse, dock, or
8 port facility owned or operated by a person, firm, or corporation
9 engaged in the business of storing products, materials, or goods
10 for hire for profit who issues a schedule of rates for storage of
11 the products, materials, or goods and who issues warehouse
12 receipts pursuant to Act No. 303 of the Public Acts of 1909, ~~as~~
13 ~~amended,~~ being sections 443.50 to 443.55 of the Michigan
14 Compiled Laws. A United States customs port of entry bonded
15 warehouse means a warehouse within a classification designated by
16 19 C.F.R. 19.1 and which is located in a port of entry, as
17 defined by 19 C.F.R. 101.1(m). A portion of a public warehouse,
18 United States customs port of entry bonded warehouse, dock, or
19 port facility leased to a tenant or a portion of any premises
20 owned or leased or operated by a consignor or consignee or an
21 affiliate or subsidiary of the consignor or consignee shall not
22 be considered a public warehouse, dock, or port facility.

23 (m) Personal property owned by a bank or trust company orga-
24 nized under the laws of this state, national banking association,
25 or incorporated bank holding company as defined in section 2 of
26 the bank holding company act of 1956, chapter 240, 70 Stat. 133,
27 12 U.S.C. 1841, that controls a bank, national banking

1 association, trust company, or industrial bank subsidiary located
2 in this state. However, buildings owned by a state or national
3 bank, trust company, or incorporated bank holding company and
4 situated upon lands of which the state or national bank, trust
5 company, or incorporated bank holding company is not the owner of
6 the fee are considered real property and are not exempt from tax-
7 ation and personal property owned by a state or national bank,
8 trust company, or incorporated bank holding company that is
9 leased, loaned, or otherwise made available to and used by a pri-
10 vate individual, association, or corporation in connection with a
11 business conducted for profit is not exempt from taxation.

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

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

1 (p) The personal property of a parent cooperative
2 preschool. As used in this subdivision and section 7z, "parent
3 cooperative preschool" means a nonprofit, nondiscriminatory edu-
4 cational institution maintained as a community service and admin-
5 istered by parents of children currently enrolled in the pre-
6 school, that provides an educational and developmental program
7 for children younger than compulsory school age, that provides an
8 educational program for parents, including active participation
9 with children in preschool activities, that is directed by quali-
10 fied preschool personnel, and that is licensed by the department
11 of social services under Act No. 116 of the Public Acts of 1973,
12 ~~as amended,~~ being sections 722.111 to 722.128 of the Michigan
13 Compiled Laws.

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

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

1 (S) PERSONAL PROPERTY USED TO PROVIDE A WATER SOFTENING
2 SYSTEM FOR A RESIDENTIAL DWELLING.