

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1054

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 8a and 13 (MCL 211.8a and 211.13),
section 8a as added by 1994 PA 96, and by adding section 8c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8a. (1) Qualified personal property made available by
2 a person that is a qualified business for use by another person
3 shall not be assessed to the qualified business and instead is
4 assessable and taxable to the user who acquires or possesses the
5 qualified personal property to the extent provided for in this
6 section. Property assessed under this section shall not be
7 required to be assessed separately from other personal property
8 assessed to the user.

9 (2) A person who is a qualified business that makes
10 available qualified personal property shall file the statement

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1 required by section 18 not later than February 1. A person to
2 whom QUALIFIED PERSONAL property is taxable as provided in this
3 section shall file the statement required by section 18 by
4 February 20 AND SHALL INCLUDE THE QUALIFIED PERSONAL PROPERTY ON
5 THAT STATEMENT. The statement filed by the qualified business
6 shall include, ~~separately~~ ITEMIZED for each user, all of the
7 following for all qualified personal property:

8 (a) The name of the qualified business.

9 (b) The user responsible for payment of the tax.

10 (c) The type of property.

11 (d) The location of the property, as indicated in the
12 records of the qualified business.

13 (e) The purchase price including sales tax, freight, and
14 installation.

15 (f) The year the property was purchased.

16 (g) If the qualified business is the manufacturer of the
17 property, the original selling price, and if there is no original
18 selling price, then the original cost.

19 (h) The amount and frequency of periodic payments required
20 of the user.

21 (i) An affirmation that the person making the statement is a
22 qualified business and that property included in the statement is
23 qualified personal property as defined in this section.

24 (3) ~~A person who makes available qualified personal prop-~~
25 ~~erty that files the statement provided for in subsection (2)~~
26 ~~shall provide a copy of the statement to each user of property~~
27 ~~responsible for payment of the tax along with a notice that the~~

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1 ~~user is responsible for reporting the property and the payment of~~
2 ~~the tax.~~ A user of qualified personal property may request from
3 the assessor, and the assessor shall provide, a copy of that por-
4 tion of the statement filed by the qualified business by February
5 1 that includes qualified personal property for that user. If
6 ~~the~~ A GOOD FAITH statement is not filed by February 1, or if
7 property is not included in the statement required to be filed by
8 February 1, then THAT property OMITTED OR NOT REPORTED is asses-
9 sable and taxable to the person who makes the property available
10 regardless of whether the person is a qualified business or the
11 property is qualified personal property.

12 (4) A designee of the local tax collecting unit who is a
13 certified assessor may examine the books and records of a person
14 who files the statement required by ~~subsection (2)~~ SECTION 18
15 that are necessary to determine if ~~the person is a qualified~~
16 ~~business and if~~ property included in the statement required by
17 ~~subsection (2)~~ SECTION 18 is qualified personal property. A
18 person is not required to be a certified personal property
19 examiner to examine books and records pursuant to this
20 subsection.

21 (5) The state tax commission shall develop additions to the
22 statement required by section 18 necessary to assure that prop-
23 erty reported pursuant to subsection (2) is certified under oath
24 to be qualified personal property reported by a ~~qualified~~
25 ~~business~~ PERSON TO WHOM QUALIFIED PERSONAL PROPERTY IS TAXABLE.

26 (6) As used in this section:

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1 (a) "Employee" means a person who performs a service for
2 wages or other remuneration under a contract of hire, written or
3 oral, express or implied.

4 (b) "Qualified business" means a for-profit business that
5 obtains services relating to that business from 30 or fewer
6 employees or employees of independent contractors performing
7 services substantially similar to employees during a random week
8 in the year ending on the tax day. If a person is an entity
9 under common control or is a member of an affiliated group as
10 those terms are used in section 36(7) of the single business tax
11 act, ~~Act No. 228 of the Public Acts of 1975, being section~~
12 ~~208.36 of the Michigan Compiled Laws~~ 1975 PA 228, MCL 208.36,
13 the number of employees from whom services are obtained includes
14 all employees of the group and employees of independent contrac-
15 tors of the group rendering services to the qualified business.

16 (c) "Qualified personal property" means property on which a
17 retail sales tax has been paid or liability accrued contemporane-
18 ous with the user acquiring possession of the property, or on
19 which sales tax would be payable if the property was not exempt,
20 and that is subject to an agreement entered into after December
21 31, 1993 to which all of the following apply:

22 (i) A party engaged in a for-profit business obtains the
23 right to use or possess personal property in exchange for making
24 periodic payments for a noncancelable term of 12 months or more.

25 (ii) The party making periodic payments can obtain legal
26 title to the property by making all the periodic payments or all
27 of the periodic payments and a final payment that is less than

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1 the true cash value of the property determined using state tax
2 commission cost multipliers for personal property.

3 (iii) The written agreement between the qualified business
4 and the party making periodic payments requires that party to
5 report the property [AS QUALIFIED PERSONAL PROPERTY] pursuant to
6 section 18 and to pay taxes
7 assessed against the property.

8 (d) "Random week" means a 7-day period during a calendar
9 year beginning on a Monday and ending on a Sunday that is
10 selected at random. Not later than January 15 each year, the
11 state tax commission shall establish the random week for the
12 immediately preceding year.

13 (7) This section does not affect the requirements for
14 reporting or assessing personal property acquired or possessed by
15 a nonprofit organization.

16 ~~-(8) This section applies to personal property assessments
17 made after 1994 and before 2000.~~

18 SEC. 8C. (1) DAILY RENTAL PROPERTY SHALL BE ASSESSED TO THE
19 OWNER AT THE LOCATION OF THE RENTAL BUSINESS AND IS NOT ASSES-
20 SABLE AT ITS LOCATION ON TAX DAY AS PROVIDED IN SECTION 2 IF ALL
21 OF THE FOLLOWING CONDITIONS ARE SATISFIED:

22 (A) THE LOCATION OF THE RENTAL BUSINESS IS IN THIS STATE AND
23 THE DAILY RENTAL PROPERTY IS LOCATED IN THIS STATE ON TAX DAY AS
24 PROVIDED IN SECTION 2.

25 (B) THE DAILY RENTAL PROPERTY IS PERMANENTLY LABELED WITH
26 THE NAME OF THE OWNER AND EITHER THE BUSINESS ADDRESS OR CURRENT
27 TELEPHONE NUMBER OF THE OWNER WITH AN INDICATION THAT THE
PROPERTY IS DAILY RENTAL PROPERTY. THE OWNER SHALL ALSO AFFIX A

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1 UNIQUE IDENTIFYING NUMBER TO THE DAILY RENTAL PROPERTY. IF THE
2 DAILY RENTAL PROPERTY CONSISTS OF MULTIPLE SMALL ITEMS THAT ARE
3 PART OF A MATCHED SET OR IF IT IS IMPRACTICAL TO LABEL THE DAILY
4 RENTAL PROPERTY, THE REQUIRED STATEMENT AND IDENTIFYING NUMBER
5 MAY BE PLACED ON THE DAILY RENTAL PROPERTY'S CONTAINER USED TO
6 STORE THE DAILY RENTAL PROPERTY WHEN NOT IN USE.

7 (C) NOT LATER THAN FEBRUARY 20 OF EACH YEAR, THE OWNER PRO-
8 VIDES THE ASSESSOR OF THE CITY OR TOWNSHIP WHERE THE RENTAL BUSI-
9 NESS IS LOCATED AN ITEMIZED LISTING OF THE OWNER'S DAILY RENTAL
10 PROPERTY, AS OF TAX DAY. THE LISTING SHALL DESCRIBE THE DAILY
11 RENTAL PROPERTY BY MANUFACTURER, MAKE, AND MODEL.

12 (D) NOT LATER THAN FEBRUARY 20 OF EACH TAX YEAR, THE OWNER
13 SHALL GIVE THE ASSESSOR OF THE CITY OR TOWNSHIP WHERE THE RENTAL
14 BUSINESS IS LOCATED WRITTEN AUTHORIZATION TO PROVIDE A COPY OF
15 INFORMATION PROVIDED PURSUANT TO SUBDIVISION (C) TO THE ASSESSOR
16 OF ANY OTHER CITY OR TOWNSHIP IN WHICH THE DAILY RENTAL PROPERTY
17 MAY HAVE BEEN PHYSICALLY LOCATED ON TAX DAY.

18 (E) IF THE OWNER OF DAILY RENTAL PROPERTY IS REQUIRED TO
19 PROVIDE A WRITTEN STATEMENT PURSUANT TO SECTION 18 TO ANY LOCAL
20 TAX COLLECTING UNIT OTHER THAN THE LOCAL TAX COLLECTING UNIT IN
21 WHICH THE DAILY RENTAL PROPERTY IS ASSESSABLE, THE WRITTEN STATE-
22 MENT SHALL INCLUDE A WRITTEN STATEMENT INDICATING THE JURISDIC-
23 TION IN WHICH ITS DAILY RENTAL PROPERTY IS BEING REPORTED.

24 (2) THE OWNER'S REPORTING OF DAILY RENTAL PROPERTY IS
25 SUBJECT TO AUDIT BY ANY OF THE FOLLOWING:

26 (A) ANY ASSESSMENT JURISDICTION IN WHICH THE DAILY RENTAL
27 PROPERTY IS LOCATED ON TAX DAY.

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1 (B) THE LOCAL TAX COLLECTING UNIT WHERE THE RENTAL BUSINESS
2 IS LOCATED.

3 (C) THE COUNTY EQUALIZATION DEPARTMENT OF A COUNTY IN WHICH
4 THE DAILY RENTAL PROPERTY IS LOCATED ON TAX DAY OR WHERE THE
5 RENTAL BUSINESS IS LOCATED.

6 (D) THE STATE TAX COMMISSION.

7 (3) THE OWNER'S TANGIBLE PERSONAL PROPERTY THAT IS NOT
8 ASSESSABLE AS PROVIDED IN SUBSECTION (1) IS ASSESSABLE AS PRO-
9 VIDED IN SECTION 2.

10 (4) AS USED IN THIS SECTION:

11 (A) "DAILY RENTAL PROPERTY" MEANS TANGIBLE PERSONAL PROPERTY
12 THAT IS EXCLUSIVELY OFFERED ON AN HOURLY, DAILY, WEEKLY, OR
13 MONTHLY BASIS FOR A RENTAL TERM OF 6 MONTHS OR LESS PURSUANT TO A
14 WRITTEN AGREEMENT AND HAD AN ACQUISITION COST WHEN NEW OF
15 \$10,000.00 OR LESS, INCLUDING FREIGHT AND SALES TAX. IN DETER-
16 MINING WHETHER A RENTAL TERM EXTENDS BEYOND 6 MONTHS, THE RENTAL
17 TERM SHALL BE COMPUTED BY ADDING ALL PERMITTED OR REQUIRED EXTEN-
18 SIONS OF THE RENTAL TERM SET FORTH IN THE WRITTEN AGREEMENT FOR
19 THE DAILY RENTAL PROPERTY. DAILY RENTAL PROPERTY DOES NOT
20 INCLUDE TANGIBLE PERSONAL PROPERTY RENTED IN CONJUNCTION WITH A
21 SERVICE CONTRACT THAT EXTENDS BEYOND 90 DAYS.

22 (B) "LOCATION OF THE RENTAL BUSINESS" OR "WHERE THE RENTAL
23 BUSINESS IS LOCATED" MEANS THE LOCAL TAX COLLECTING UNIT IN WHICH
24 THE DAILY RENTAL PROPERTY IS KEPT WHEN IT IS NOT RENTED TO A
25 CUSTOMER.

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1 (C) "OWNER" MEANS THE INDIVIDUAL, PARTNERSHIP, CORPORATION,
2 ASSOCIATION, OR OTHER LEGAL ENTITY THAT OWNS DAILY RENTAL
3 PROPERTY.

4 Sec. 13. (1) All tangible personal property, except as
5 OTHERWISE provided in ~~section~~ THIS ACT, shall be assessed to
6 the owner ~~thereof~~ OF THAT TANGIBLE PERSONAL PROPERTY, if known,
7 in the ~~township~~ LOCAL TAX COLLECTING UNIT in which ~~it~~ THE
8 TANGIBLE PERSONAL PROPERTY is located on ~~the~~ tax day AS PRO-
9 VIDED IN SECTION 2. If the owner is not known and ~~there is~~ a
10 person ~~, firm or corporation~~ IS beneficially entitled to ~~any~~
11 tangible personal property or ~~having charge or~~ HAS possession
12 ~~thereof, then to such~~ OF TANGIBLE PERSONAL PROPERTY, THE TANGI-
13 BLE PERSONAL PROPERTY SHALL BE ASSESSED TO THAT person. ~~, firm~~
14 ~~or corporation:~~ Provided, ~~That one having~~ HOWEVER, A PERSON
15 WITH ONLY a security interest AND NO OWNERSHIP INTEREST IN TANGI-
16 BLE PERSONAL PROPERTY without possession ~~may~~ SHALL not be
17 assessed as an owner of THAT tangible personal property. ~~+~~
18 ~~Provided, That when~~

19 (2) IF tangible personal property is assessed to a person ~~,~~
20 ~~firm or corporation~~ in ~~charge or~~ possession of ~~such~~ THAT
21 TANGIBLE PERSONAL property, ~~such~~ THAT person, ~~firm or corpora-~~
22 ~~tion shall,~~ unless contrary to a contractual provision, ~~have~~
23 HAS a right of action for the amount of ~~such~~ THE taxes ASSESSED
24 against the owner or person beneficially entitled to ~~such~~ THAT
25 TANGIBLE PERSONAL property.

26 ~~Inventories of goods, wares, materials, merchandise and~~
27 ~~supplies such as are commonly used in trade or commerce or~~

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1 ~~manufacture shall, upon the filing by the owner thereof of a~~
2 ~~sworn statement with the assessing officer showing the total of~~
3 ~~such inventories for each of the preceding 12 months ending~~
4 ~~December 31, be assessed on the basis of the average monthly~~
5 ~~inventory for such 12-month period. The average monthly inven-~~
6 ~~tory shall be computed on the basis of the number of months~~
7 ~~during which said inventories of goods, wares, merchandise and~~
8 ~~supplies had a taxable situs in the assessing district. No~~

9 (3) AN assessing officer ~~shall be~~ IS NOT restricted to any
10 particular period in ~~the preparation of~~ PREPARING the assess-
11 ment roll ~~but~~ AND may survey, examine, or review ~~properties~~
12 PROPERTY at any time prior to or after ~~said~~ THE tax day AS PRO-
13 VIDED IN SECTION 2.