

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1071

(As amended December 13, 2012)

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
(MCL 211.1 to 211.155) by adding section 9n.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 9N. (1) BEGINNING DECEMBER 31, 2015 AND EACH YEAR
2 THEREAFTER, QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY IS
3 EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT.
4 (2) AN OWNER OF QUALIFIED PREVIOUSLY EXISTING PERSONAL
5 PROPERTY SHALL CLAIM THE EXEMPTION UNDER THIS SECTION BY FILING AN
6 AFFIDAVIT WITH THE LOCAL TAX COLLECTING UNIT IN WHICH THE QUALIFIED
7 PREVIOUSLY EXISTING PERSONAL PROPERTY IS LOCATED AND THE DEPARTMENT
8 OF TREASURY NOT LATER THAN [FEBRUARY 20]. THE AFFIDAVIT SHALL BE IN A
9 FORM
10 PRESCRIBED BY THE DEPARTMENT OF TREASURY. AN OWNER OF QUALIFIED

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1 PREVIOUSLY EXISTING PERSONAL PROPERTY IS ONLY REQUIRED TO FILE THE
2 AFFIDAVIT CLAIMING THE EXEMPTION UNDER THIS SECTION IN THE FIRST
3 YEAR IN WHICH THE EXEMPTION FOR THAT QUALIFIED PREVIOUSLY EXISTING
4 PERSONAL PROPERTY IS CLAIMED.

5 (3) IF AN AFFIDAVIT CLAIMING THE EXEMPTION UNDER THIS SECTION
6 IS FILED AS PROVIDED IN SUBSECTION (2), THE OWNER OF THAT QUALIFIED
7 PREVIOUSLY EXISTING PERSONAL PROPERTY IS NOT REQUIRED TO ALSO FILE
8 A STATEMENT UNDER SECTION 19 FOR THAT QUALIFIED PREVIOUSLY EXISTING
9 PERSONAL PROPERTY IN THAT TAX YEAR OR ANY SUCCEEDING TAX YEAR.

10 (4) AS USED IN THIS SECTION:

11 (A) "DIRECT INTEGRATED SUPPORT" MEANS RESEARCH AND DEVELOPMENT
12 FUNCTIONS, TESTING AND QUALITY CONTROL FUNCTIONS, ENGINEERING
13 FUNCTIONS, [WAREHOUSING FACILITIES THAT DIRECTLY SUPPORT THE OWNER OR
14 LESSEE ENGAGING IN INDUSTRIAL PROCESSING AND THAT STORE TANGIBLE
PERSONAL PROPERTY OWNED BY THAT OWNER OR LESSEE, AND SORTING AND
DISTRIBUTION CENTERS THAT OPTIMIZE TRANSPORTATION AND USE JUST-IN-TIME
INVENTORY MANAGEMENT AND MATERIAL HANDLING FOR INPUTS TO INDUSTRIAL
PROCESSING.]

15 (B) "ELIGIBLE MANUFACTURING PERSONAL PROPERTY" MEANS ALL
16 PERSONAL PROPERTY THAT IS LOCATED ON A PARCEL OF REAL PROPERTY IF
17 THAT PERSONAL PROPERTY IS USED MORE THAN 50% OF THE TIME IN
18 INDUSTRIAL PROCESSING OR IN DIRECT INTEGRATED SUPPORT. THE
19 PERCENTAGE OF USE OF PERSONAL PROPERTY IN INDUSTRIAL PROCESSING OR
20 IN DIRECT INTEGRATED SUPPORT SHALL BE DETERMINED IN THE FOLLOWING
21 MANNER:

22 (i) MULTIPLY THE TRUE CASH VALUE OF EACH INDIVIDUAL ITEM OF
23 PERSONAL PROPERTY LOCATED ON THAT PARCEL OF REAL PROPERTY BY ITS
24 PERCENTAGE OF USE IN INDUSTRIAL PROCESSING OR IN DIRECT INTEGRATED
25 SUPPORT.

26 (ii) ADD THE RESULT OF THE CALCULATION UNDER SUBPARAGRAPH (i)
27 FOR ALL PERSONAL PROPERTY LOCATED ON THAT PARCEL OF REAL PROPERTY.

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(iii) DIVIDE THE RESULT OF THE CALCULATION UNDER SUBPARAGRAPH

(ii) BY THE TOTAL TRUE CASH VALUE OF ALL PERSONAL PROPERTY LOCATED
ON THAT PARCEL OF REAL PROPERTY.

(C) "INDUSTRIAL PROCESSING" MEANS THE CONVERSION OR
CONDITIONING OF TANGIBLE PERSONAL PROPERTY BY CHANGING THE FORM,
COMPOSITION, QUALITY, COMBINATION, OR CHARACTER OF THE PROPERTY FOR
ULTIMATE SALE AT RETAIL OR FOR USE IN THE MANUFACTURING OF A
PRODUCT TO ULTIMATELY BE SOLD AT RETAIL. INDUSTRIAL PROCESSING DOES
NOT INCLUDE THE GENERATION OF ELECTRICITY FOR SALE.

(D) "QUALIFIED PREVIOUSLY EXISTING PERSONAL PROPERTY" MEANS
PERSONAL PROPERTY THAT MEETS ALL OF THE FOLLOWING CONDITIONS:

(i) IS ELIGIBLE MANUFACTURING PERSONAL PROPERTY.

(ii) MEETS ANY OF THE FOLLOWING CONDITIONS:

(A) HAS BEEN SUBJECT TO OR EXEMPT FROM THE COLLECTION OF TAXES
UNDER THIS ACT FOR THE IMMEDIATELY PRECEDING 10 YEARS.

(B) IF THAT PERSONAL PROPERTY WAS LOCATED BOTH OUTSIDE OF AND
WITHIN THIS STATE IN THE IMMEDIATELY PRECEDING 10 YEARS, THAT
PERSONAL PROPERTY WAS SUBJECT TO OR EXEMPT FROM THE COLLECTION OF
TAXES UNDER THIS ACT, OR WOULD HAVE BEEN SUBJECT TO OR EXEMPT FROM
THE COLLECTION OF TAXES UNDER THIS ACT IF LOCATED IN THIS STATE,
FOR THE IMMEDIATELY PRECEDING 10 YEARS.

(C) IF THAT PERSONAL PROPERTY WAS LOCATED OUTSIDE OF THIS
STATE IN THE IMMEDIATELY PRECEDING 10 YEARS, THAT PERSONAL PROPERTY
WOULD HAVE BEEN SUBJECT TO OR EXEMPT FROM THE COLLECTION OF TAXES
UNDER THIS ACT FOR THE IMMEDIATELY PRECEDING 10 YEARS IF THAT
PERSONAL PROPERTY HAD BEEN LOCATED IN THIS STATE.

[Enacting section 1. Section 9n of the general property tax act,
1893 PA 206, MCL 211.9n, as added by this amendatory act, is repealed if
House Bill No. 6026 of the 96th Legislature is not approved by a majority
of the qualified electors of this state voting on the question at an
election to be held on the August regular election date in 2014.]