

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4554

A bill to amend 2014 PA 92, entitled
"State essential services assessment act,"
by amending sections 3, 5, and 7 (MCL 211.1053, 211.1055, and
211.1057).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Acquisition cost" means the fair market value of personal
3 property at the time of acquisition by the ~~current~~**FIRST** owner,
4 including the cost of freight, sales tax, and installation, and
5 other capitalized costs, except capitalized interest. There is a
6 rebuttable presumption that the acquisition price paid by the
7 ~~current~~**FIRST** owner for personal property, and any costs of
8 freight, sales tax, and installation, and other capitalized costs,

1 except capitalized interest, reflect the ~~fair market value of the~~
2 ~~personal property.~~ **ACQUISITION COST.** For property described in
3 subdivision (e) (i) that would otherwise be exempt under section 7k
4 of the general property tax act, 1893 PA 206, MCL 211.7k, **UNDER AN**
5 **INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE ISSUED UNDER 1974 PA**
6 **198, MCL 207.551 TO 207.572, AND EFFECTIVE BEFORE JANUARY 1, 2013,**
7 and for property described in subdivision (e) (iii) **THAT IS EXEMPT**
8 **UNDER AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE ISSUED UNDER**
9 **1974 PA 198, MCL 207.551 TO 207.572, AND EFFECTIVE BEFORE JANUARY**
10 **1, 2013,** acquisition cost means 1/2 of the fair market value of
11 that personal property at the time of acquisition by the ~~current~~
12 **FIRST** owner, **INCLUDING THE COST OF FREIGHT, SALES TAX, AND**
13 **INSTALLATION, AND OTHER CAPITALIZED COSTS, EXCEPT CAPITALIZED**
14 **INTEREST.** The acquisition cost for personal property exempt under
15 the **MICHIGAN** renaissance zone act, 1996 PA 376, MCL 125.2681 to
16 125.2696, is \$0.00 except for the 3 years immediately preceding the
17 expiration of the exemption of that personal property under the
18 **MICHIGAN** renaissance zone act, 1996 PA 376, MCL 125.2681 to
19 125.2696, during which period of time the acquisition cost for that
20 personal property means the fair market value of that personal
21 property at the time of acquisition by the ~~current~~**FIRST** owner,
22 **INCLUDING THE COST OF FREIGHT, SALES TAX, AND INSTALLATION, AND**
23 **OTHER CAPITALIZED COSTS, EXCEPT CAPITALIZED INTEREST,** multiplied by
24 the percentage reduction in the exemption as provided in section
25 9(3) of the **MICHIGAN** renaissance zone act, 1996 PA 376, MCL
26 125.2689. The state tax commission may provide guidelines for
27 circumstances in which the actual acquisition price is not

determinative of ~~fair market value~~ **ACQUISITION COST** and the basis of determining ~~fair market value~~ **ACQUISITION COST** in those circumstances. ~~, including when that property is idle, obsolete, or surplus.~~ **WHEN THE ACQUISITION COST, YEAR OF ACQUISITION BY THE FIRST OWNER, OR BOTH ARE UNKNOWN, THE STATE TAX COMMISSION MAY PROVIDE GUIDELINES FOR ESTIMATING THE ACQUISITION COST AND YEAR OF ACQUISITION BY THE FIRST OWNER. THE STATE TAX COMMISSION MAY ISSUE GUIDELINES THAT ALLOW FOR THE REDUCTION OF ACQUISITION COST FOR PROPERTY THAT IS IDLE, IS OBSOLETE OR HAS MATERIAL OBSOLESCENCE, OR IS SURPLUS.**

(b) "Assessment" means the state essential services assessment levied under section 5.

(c) "Assessment year" means the year in which the state essential services assessment levied under section 5 is due.

(d) "Eligible claimant" means a person that claims an exemption for eligible personal property.

(e) "Eligible personal property" means all of the following:

(i) Personal property exempt under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n.

(ii) Personal property **THAT IS ELIGIBLE MANUFACTURING PERSONAL PROPERTY AS DEFINED IN SECTION 9M AND THAT IS** exempt under section 9f of the general property tax act, 1893 PA 206, MCL 211.9f, which exemption was approved under section 9f of the general property tax act, 1893 PA 206, MCL 211.9f, after 2013, unless both of the following conditions are satisfied:

(A) The application for the exemption was filed with the eligible local assessing district or ~~next~~ **NEXT** Michigan development

1 corporation before August 5, 2014.

2 (B) The resolution approving the exemption states that the
3 project is expected to have total new personal property of over
4 \$25,000,000.00 within 5 years of the adoption of the resolution by
5 the eligible local assessing district or ~~next~~**NEXT** Michigan
6 development corporation.

7 (iii) Personal property subject to an extended industrial
8 facilities exemption certificate under section 11a of 1974 PA 198,
9 MCL 207.561a.

10 (iv) Personal property subject to an extended exemption under
11 section ~~9f(8)~~**9F(8) (A)** of the general property tax act, 1893 PA
12 206, MCL 211.9f.

13 (f) "Fund board" means the board of directors of the Michigan
14 strategic fund created under the Michigan strategic fund act, 1984
15 PA 270, MCL 125.2001 to 125.2094.

16 (g) "Michigan economic development corporation" means the
17 Michigan economic development corporation, the public body
18 corporate created under section 28 of article VII of the state
19 constitution of 1963 and the urban cooperation act of 1967, 1967
20 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal
21 agreement effective April 5, 1999, and subsequently amended,
22 between local participating economic development corporations
23 formed under the economic development corporations act, 1974 PA
24 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.

25 (h) "Michigan strategic fund" means the Michigan strategic
26 fund created under the Michigan strategic fund act, 1984 PA 270,
27 MCL 125.2001 to 125.2094.

1 (i) "Next Michigan development corporation" means that term as
2 defined under the ~~next~~**NEXT** Michigan development act, 2010 PA 275,
3 MCL 125.2951 to 125.2959.

4 Sec. 5. (1) Beginning January 1, 2016, the state essential
5 services assessment is levied on all eligible personal property as
6 provided in this section.

7 (2) The assessment under this section is a state specific tax
8 on the eligible personal property owned by, leased to, or in the
9 possession of an eligible claimant on December 31 of the year
10 immediately preceding the assessment year and shall be calculated
11 as follows:

12 (a) For eligible personal property acquired by the ~~eligible~~
13 ~~claimant~~**FIRST OWNER** in a year 1 to 5 years before the assessment
14 year, multiply the acquisition cost of the eligible personal
15 property by 2.4 mills.

16 (b) For eligible personal property acquired by the ~~eligible~~
17 ~~claimant~~**FIRST OWNER** in a year 6 to 10 years before the assessment
18 year, multiply the acquisition cost of the eligible personal
19 property by 1.25 mills.

20 (c) For eligible personal property acquired by the ~~eligible~~
21 ~~claimant~~**FIRST OWNER** in a year more than 10 years before the
22 assessment year, multiply the acquisition cost of the eligible
23 personal property by 0.9 mills.

24 Sec. 7. (1) The department of treasury shall collect and
25 administer the assessment as provided in this section.

26 (2) Not later than May 1 in each assessment year, the
27 department of treasury shall make available in electronic form to

1 each eligible claimant a statement for calculation of the
2 assessment as provided in section 5.

3 (3) Not later than ~~September~~**AUGUST** 15 in each assessment
4 year, each eligible claimant shall submit electronically to the
5 department of treasury the completed statement, **IN A FORM AND**
6 **MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY**, and full payment
7 of the assessment levied under section 5 for that assessment year
8 as calculated in section 5(2). The department of treasury may waive
9 or delay the electronic filing requirement at its discretion. **THE**
10 **DEPARTMENT OF TREASURY MAY ACCEPT A TIMELY FILED STATEMENT USING**
11 **REPORTING SOFTWARE APPROVED BY THE DEPARTMENT OF TREASURY, SUBJECT**
12 **TO AUDIT UNDER SUBSECTION (6).** A statement submitted by an eligible
13 claimant shall include all of the eligible claimant's eligible
14 personal property located in this state subject to the assessment
15 levied under section 5. ~~and, beginning in 2019, specify the~~
16 ~~location of that property on December 31 of the year immediately~~
17 ~~preceding the assessment year.~~**THE COMPLETED STATEMENT REQUIRED**
18 **UNDER THIS SUBSECTION SHALL NOT BE SUBJECT TO DISCLOSURE UNDER THE**
19 **FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.**

20 (4) If an eligible claimant does not submit the statement and
21 full payment of the assessment levied under section 5 by ~~September~~
22 **AUGUST** 15, the department of treasury shall issue a notice to the
23 eligible claimant not later than ~~October~~**SEPTEMBER** 15. The notice
24 shall include a statement explaining the consequences of nonpayment
25 as set forth in subsection (5) and instructing the eligible
26 claimant of its potential responsibility under subsection (5)(e).
27 An eligible claimant shall submit payment in full by ~~November 1~~

1 **OCTOBER 15** of the assessment year along with a penalty of 1% per
 2 week on the unpaid balance for each week payment is not made in
 3 full up to a maximum of 5% of the total amount due and unpaid. For
 4 the eligible claimant's first assessment year, the penalty shall be
 5 waived if the eligible claimant submits the statement and full
 6 payment of the assessment levied under section 5 ~~within 7 business~~
 7 ~~days of~~ **BY** September 15. **AN ELIGIBLE CLAIMANT MAY AMEND A FILED**
 8 **STATEMENT FOR THE CURRENT YEAR UP TO SEPTEMBER 15. PAYMENTS MADE**
 9 **DUE TO AN AMENDED STATEMENT ARE SUBJECT TO THE PENALTIES AS**
 10 **DESCRIBED IN THIS SUBSECTION. THE DEPARTMENT OF TREASURY SHALL**
 11 **ISSUE REFUNDS FOR OVERPAYMENTS DUE TO AN AMENDED STATEMENT. ALL**
 12 **REFUNDS DUE TO OVERPAYMENT SHALL BE REMITTED WITHOUT INTEREST**
 13 **EXCEPT AS PROVIDED BY SECTION 37 OF THE TAX TRIBUNAL ACT, 1973 PA**
 14 **186, MCL 205.737.**

15 (5) ~~if~~ **FOR ANY ASSESSMENT YEAR IN WHICH** an eligible claimant
 16 does not submit payment in full and any penalty due under
 17 subsection (4) **OR (6)** by ~~November 1,~~ **OCTOBER 15, OR IF THE STATE**
 18 **TAX COMMISSION DISCOVERS THAT THE PROPERTY IS NOT ELIGIBLE UNDER**
 19 **SECTION 9M OR 9N OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL**
 20 **211.9M AND 211.9N, all of the following shall apply:**

21 (a) The state tax commission shall ~~direct the assessor to~~
 22 ~~rescind~~ **ISSUE AN ORDER TO RESCIND NO LATER THAN THE FIRST MONDAY IN**
 23 **DECEMBER** for the assessment year any exemption described in section
 24 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m
 25 and 211.9n, granted for ~~the eligible personal property.~~ **ANY PARCEL**
 26 **FOR WHICH PAYMENT IN FULL AND ANY PENALTY DUE HAVE NOT BEEN**
 27 **RECEIVED OR FOR WHICH THE STATE TAX COMMISSION DISCOVERS THAT THE**

1 PROPERTY IS NOT ELIGIBLE UNDER SECTION 9M OR 9N OF THE GENERAL
2 PROPERTY TAX ACT, 1893 PA 206, MCL 211.9M AND 211.9N.

3 (b) The state tax commission shall ~~rescind~~ **ISSUE AN ORDER TO**
4 **RESCIND NO LATER THAN THE FIRST MONDAY IN DECEMBER** for the
5 assessment year any exemption under section 9f of the general
6 property tax act, 1893 PA 206, MCL 211.9f, which exemption was
7 approved under section 9f of the general property tax act, 1893 PA
8 206, MCL 211.9f, after 2013 **FOR ANY PARCEL FOR WHICH PAYMENT IN**
9 **FULL AND ANY PENALTY DUE HAVE NOT BEEN RECEIVED OR FOR WHICH THE**
10 **STATE TAX COMMISSION DISCOVERS THAT THE PROPERTY IS NOT ELIGIBLE**
11 **UNDER SECTION 9M OR 9N OF THE GENERAL PROPERTY TAX ACT, 1893 PA**
12 **206, MCL 211.9M AND 211.9N.**

13 (c) The state tax commission shall ~~rescind~~ **ISSUE AN ORDER TO**
14 **RESCIND NO LATER THAN THE FIRST MONDAY IN DECEMBER** for the
15 assessment year any exemption for eligible personal property
16 subject to an extended industrial facilities exemption certificate
17 under section 11a of 1974 PA 198, MCL 207.561a, **FOR ANY PARCEL FOR**
18 **WHICH PAYMENT IN FULL AND ANY PENALTY DUE HAVE NOT BEEN RECEIVED OR**
19 **FOR WHICH THE STATE TAX COMMISSION DISCOVERS THAT THE PROPERTY IS**
20 **NOT ELIGIBLE UNDER SECTION 9M OR 9N OF THE GENERAL PROPERTY TAX**
21 **ACT, 1893 PA 206, MCL 211.9M AND 211.9N.**

22 (d) The state tax commission shall ~~rescind~~ **ISSUE AN ORDER TO**
23 **RESCIND NO LATER THAN THE FIRST MONDAY IN DECEMBER** for the
24 assessment year any extended exemption for eligible personal
25 property under section 9f(8)(a) of the general property tax act,
26 1893 PA 206, MCL 211.9f, **FOR ANY PARCEL FOR WHICH PAYMENT IN FULL**
27 **AND ANY PENALTY DUE HAVE NOT BEEN RECEIVED OR FOR WHICH THE STATE**

1 TAX COMMISSION DISCOVERS THAT THE PROPERTY IS NOT ELIGIBLE UNDER
 2 SECTION 9M OR 9N OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
 3 211.9M AND 211.9N.

4 (e) The **ELIGIBLE** claimant shall file ~~not later than November~~
 5 ~~10~~ WITH THE ASSESSOR OF THE TOWNSHIP OR CITY WITHIN 30 DAYS OF THE
 6 DATE OF THE STATE TAX COMMISSION ORDER TO RESCIND ISSUED UNDER
 7 SUBDIVISIONS (A) TO (D) a statement under section 19 of the general
 8 property tax act, 1893 PA 206, MCL 211.19, for all property for
 9 which the exemption has been rescinded under this section.

10 (f) ~~All taxes due as a result of a rescission by the~~
 11 ~~department of treasury or~~ WITHIN 60 DAYS OF AN ORDER OF RESCISSION
 12 by the state tax commission under subdivisions (a) to (d), **THE**
 13 **TREASURER OF THE LOCAL TAX COLLECTING UNIT SHALL ISSUE AMENDED TAX**
 14 **BILLS FOR ANY TAXES, INCLUDING PENALTY AND INTEREST,** that were not
 15 billed under the general property tax act, 1893 PA 206, MCL 211.1
 16 to 211.155, or under 1974 PA 198, MCL 207.551 to 207.572, ~~on the~~
 17 ~~summer bill shall be billed under the general property tax act,~~
 18 ~~1893 PA 206, MCL 211.1 to 211.155, or under 1974 PA 198, MCL~~
 19 ~~207.551 to 207.572, on the winter tax bill.~~ **AND THAT ARE OWED AS A**
 20 **RESULT OF THE ORDER OF RESCISSION.**

21 (6) ~~(g) A person who files a statement under section 7~~ **AN**
 22 **ELIGIBLE CLAIMANT** shall provide access to the books and records,
 23 **FOR AUDIT PURPOSES,** relating to the **LOCATION AND** description; the
 24 date of purchase, lease, or acquisition; and the purchase price,
 25 lease amount, or value of all ~~industrial personal property and~~
 26 ~~commercial~~ personal property owned by, leased by, or in the
 27 possession of that person or a related entity if requested by the

1 assessor of the ~~local tax collecting unit~~, TOWNSHIP OR CITY, county
2 equalization department, or department of treasury for the year in
3 which the statement is filed and the immediately preceding 3 years.

4 THE DEPARTMENT OF TREASURY SHALL DEVELOP AND IMPLEMENT AN AUDIT
5 PROGRAM WHICH INCLUDES, BUT IS NOT LIMITED TO, THE AUDIT OF
6 STATEMENTS SUBMITTED UNDER SUBSECTION (3) AND AMENDED STATEMENTS
7 SUBMITTED UNDER SUBSECTION (4) FOR THE CURRENT CALENDAR YEAR AND
8 THE 3 CALENDAR YEARS IMMEDIATELY PRECEDING THE COMMENCEMENT OF AN
9 AUDIT. AN ASSESSMENT AS A RESULT OF AN AUDIT SHALL BE PAID IN FULL
10 WITHIN 35 DAYS OF ISSUANCE AND SHALL INCLUDE PENALTIES AND INTEREST
11 AS DESCRIBED IN SECTION 154(3) OF THE GENERAL PROPERTY TAX ACT,
12 1893 PA 206, MCL 211.154. REFUNDS AS A RESULT OF AN AUDIT UNDER
13 THIS SUBSECTION SHALL BE WITHOUT INTEREST. THE EXEMPTION FOR
14 PERSONAL PROPERTY FOR WHICH AN ASSESSMENT HAS BEEN ISSUED AS A
15 RESULT OF AN AUDIT UNDER THIS SUBSECTION SHALL BE SUBJECT TO THE
16 RESCISSION PROVISIONS OF SUBSECTION (5) FOR THE YEARS OF THE
17 ASSESSMENT IF FULL PAYMENT IS NOT TIMELY MADE AS REQUIRED BY THIS
18 SUBSECTION.

19 (7) ~~(6)~~—An eligible claimant may appeal an assessment levied
20 under section 5 or a penalty or rescission under this section to
21 the state tax commission by filing a petition not later than
22 December 31 in that tax year. **AN ELIGIBLE CLAIMANT MAY APPEAL AN**
23 **ASSESSMENT ISSUED, INCLUDING PENALTIES, INTEREST, OR RESCISSION, AS**
24 **A RESULT OF AN AUDIT CONDUCTED UNDER SUBSECTION (6) BY FILING A**
25 **PETITION WITH THE STATE TAX COMMISSION WITHIN 30 DAYS OF THE DATE**
26 **OF THAT ASSESSMENT'S ISSUANCE.** The department of treasury may
27 appeal to the state tax commission by filing a petition for the

1 current calendar year and 3 immediately preceding calendar years.
2 The state tax commission shall decide any appeal based on the
3 written petition and the written recommendation of state tax
4 commission staff and any other relevant information. The department
5 of treasury or any eligible claimant may appeal the ~~decision~~
6 **DETERMINATION** of the state tax commission to the Michigan tax
7 tribunal **WITHIN 35 DAYS OF THE DATE OF THE DETERMINATION.**

8 (8) FOR ANY YEAR BEFORE 2023, THE DEPARTMENT OF TREASURY MAY
9 REQUIRE ELIGIBLE CLAIMANTS TO FILE BY FEBRUARY 20 OF THE YEAR A
10 COMBINED DOCUMENT THAT INCLUDES THE AFFIDAVIT UNDER SECTIONS 9F(9),
11 9M, AND 9N OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
12 211.9F, 211.9M, AND 211.9N, THE AFFIDAVIT UNDER SECTION 11A OF 1974
13 PA 198, MCL 207.561A, A STATEMENT UNDER SECTION 19 OF THE GENERAL
14 PROPERTY TAX ACT, 1893 PA 206, MCL 211.19, AND A REPORT OF THE
15 ACQUISITION COST AND YEAR OF ACQUISITION BY THE FIRST OWNER OF
16 ELIGIBLE PERSONAL PROPERTY. THE COMBINED DOCUMENT SHALL BE IN A
17 FORM PRESCRIBED BY THE STATE TAX COMMISSION. THE COMBINED DOCUMENT
18 SHALL BE FILED WITH THE ASSESSOR OF THE TOWNSHIP OR CITY IN WHICH
19 THE ELIGIBLE PERSONAL PROPERTY IS LOCATED. THE ASSESSOR SHALL
20 TRANSMIT THE INFORMATION CONTAINED IN THE COMBINED DOCUMENT FILED
21 UNDER THIS SUBSECTION, AND OTHER PARCEL INFORMATION REQUIRED BY THE
22 DEPARTMENT OF TREASURY, TO THE DEPARTMENT OF TREASURY IN THE FORM
23 AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY NO LATER
24 THAN APRIL 1.