

HOUSE BILL No. 4554

May 5, 2015, Introduced by Rep. Maturen and referred to the Committee on Tax Policy.

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,
9 except capitalized interest, reflect the fair market value of the
10 personal property **AT THE TIME OF ACQUISITION BY THE FIRST OWNER.**

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

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

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

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

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

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

8 (ii) Personal property **THAT IS ELIGIBLE MANUFACTURING PERSONAL**
9 **PROPERTY AS DEFINED IN SECTION 9M AND THAT IS** exempt under section
10 9f of the general property tax act, 1893 PA 206, MCL 211.9f, which
11 exemption was approved under section 9f of the general property tax
12 act, 1893 PA 206, MCL 211.9f, after 2013, unless both of the
13 following conditions are satisfied:

14 (A) The application for the exemption was filed with the
15 eligible local assessing district or next Michigan development
16 corporation before August 5, 2014.

17 (B) The resolution approving the exemption states that the
18 project is expected to have total new personal property of over
19 \$25,000,000.00 within 5 years of the adoption of the resolution by
20 the eligible local assessing district or next Michigan development
21 corporation.

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

25 (iv) Personal property subject to an extended exemption under
26 section ~~9f(8)~~ **9F(8) (A)** of the general property tax act, 1893 PA
27 206, MCL 211.9f.

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

4 (g) "Michigan economic development corporation" means the
5 Michigan economic development corporation, the public body
6 corporate created under section 28 of article VII of the state
7 constitution of 1963 and the urban cooperation act of 1967, 1967
8 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal
9 agreement effective April 5, 1999, and subsequently amended,
10 between local participating economic development corporations
11 formed under the economic development corporations act, 1974 PA
12 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.

13 (h) "Michigan strategic fund" means the Michigan strategic
14 fund created under the Michigan strategic fund act, 1984 PA 270,
15 MCL 125.2001 to 125.2094.

16 (i) "Next Michigan development corporation" means that term as
17 defined under the next Michigan development act, 2010 PA 275, MCL
18 125.2951 to 125.2959.

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

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

27 (a) For eligible personal property acquired by the ~~eligible~~

1 ~~claimant~~**FIRST OWNER** in a year 1 to 5 years before the assessment
2 year, multiply the acquisition cost of the eligible personal
3 property by 2.4 mills.

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

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

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

14 (2) Not later than May 1 in each assessment year, the
15 department of treasury shall make available in electronic form to
16 each eligible claimant a statement for calculation of the
17 assessment as provided in section 5.

18 (3) Not later than ~~September~~**AUGUST** 15 in each assessment
19 year, each eligible claimant shall submit electronically to the
20 department of treasury the completed statement, **IN A FORM AND**
21 **MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY**, and full payment
22 of the assessment levied under section 5 for that assessment year
23 as calculated in section 5(2). The department of treasury may waive
24 or delay the electronic filing requirement at its discretion. **THE**
25 **DEPARTMENT OF TREASURY MAY ACCEPT A TIMELY FILED STATEMENT USING**
26 **REPORTING SOFTWARE APPROVED BY THE DEPARTMENT OF TREASURY, SUBJECT**
27 **TO AUDIT UNDER SUBSECTION (6).** A statement submitted by an eligible

claimant shall include all of the eligible claimant's eligible personal property located in this state subject to the assessment levied under section 5. ~~and, beginning in 2019, specify the location of that property on December 31 of the year immediately preceding the assessment year.~~

THE COMPLETED STATEMENT REQUIRED UNDER THIS SUBSECTION SHALL NOT BE SUBJECT TO DISCLOSURE UNDER THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.

(4) If an eligible claimant does not submit the statement and full payment of the assessment levied under section 5 by ~~September~~ **AUGUST 15**, the department of treasury shall issue a notice to the eligible claimant not later than ~~October~~ **SEPTEMBER 15**. The notice shall include a statement explaining the consequences of nonpayment as set forth in subsection (5) and instructing the eligible claimant of its potential responsibility under subsection (5)(e). An eligible claimant shall submit payment in full by ~~November 1~~ **OCTOBER 15** of the assessment year along with a penalty of 1% per week on the unpaid balance for each week payment is not made in full up to a maximum of 5% of the total amount due and unpaid. For the eligible claimant's first assessment year, the penalty shall be waived if the eligible claimant submits the statement and full payment of the assessment levied under section 5 ~~within 7 business days of~~ **BY September 15**. **AN ELIGIBLE CLAIMANT MAY AMEND A FILED STATEMENT FOR THE CURRENT YEAR UP TO SEPTEMBER 15. PAYMENTS MADE DUE TO AN AMENDED STATEMENT ARE SUBJECT TO THE PENALTIES AS DESCRIBED IN THIS SUBSECTION. THE DEPARTMENT OF TREASURY MAY ISSUE REFUNDS FOR OVERPAYMENTS DUE TO AN AMENDED STATEMENT. ALL REFUNDS DUE TO OVERPAYMENT SHALL BE REMITTED WITHOUT INTEREST.**

1 (5) ~~If~~ **FOR ANY ASSESSMENT YEAR IN WHICH** an eligible claimant
2 does not submit payment in full and any penalty due under
3 subsection (4) **OR (6)** by ~~November 1,~~ **OCTOBER 15,** all of the
4 following shall apply:

5 (a) The state tax commission shall ~~direct the assessor to~~
6 ~~rescind~~ **ISSUE AN ORDER TO RESCIND NO LATER THAN THE FIRST MONDAY IN**
7 **DECEMBER** for the assessment year any exemption described in section
8 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m
9 and 211.9n, granted for ~~the eligible personal property.~~ **ANY PARCEL**
10 **FOR WHICH PAYMENT IN FULL AND ANY PENALTY DUE HAVE NOT BEEN**
11 **RECEIVED.**

12 (b) The state tax commission shall ~~rescind~~ **ISSUE AN ORDER TO**
13 **RESCIND NO LATER THAN THE FIRST MONDAY IN DECEMBER** for the
14 assessment year any exemption under section 9f of the general
15 property tax act, 1893 PA 206, MCL 211.9f, which exemption was
16 approved under section 9f of the general property tax act, 1893 PA
17 206, MCL 211.9f, after 2013 **FOR ANY PARCEL FOR WHICH PAYMENT IN**
18 **FULL AND ANY PENALTY DUE HAVE NOT BEEN RECEIVED.**

19 (c) The state tax commission shall ~~rescind~~ **ISSUE AN ORDER TO**
20 **RESCIND NO LATER THAN THE FIRST MONDAY IN DECEMBER** for the
21 assessment year any exemption for eligible personal property
22 subject to an extended industrial facilities exemption certificate
23 under section 11a of 1974 PA 198, MCL 207.561a, **FOR ANY PARCEL FOR**
24 **WHICH PAYMENT IN FULL AND ANY PENALTY DUE HAVE NOT BEEN RECEIVED.**

25 (d) The state tax commission shall ~~rescind~~ **ISSUE AN ORDER TO**
26 **RESCIND NO LATER THAN THE FIRST MONDAY IN DECEMBER** for the
27 assessment year any extended exemption for eligible personal

1 property under section 9f(8)(a) of the general property tax act,
2 1893 PA 206, MCL 211.9f, **FOR ANY PARCEL FOR WHICH PAYMENT IN FULL**
3 **AND ANY PENALTY DUE HAVE NOT BEEN RECEIVED.**

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.**