

HOUSE BILL No. 5526

March 24, 2016, Introduced by Rep. Farrington and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 9f, 9m, 9n, 19, and 53b (MCL 211.9f, 211.9m,
211.9n, 211.19, and 211.53b), sections 9f, 9m, and 9n as amended by
2015 PA 119, section 19 as amended by 2014 PA 87, and section 53b
as amended by 2013 PA 153.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9f. (1) The governing body of an eligible local assessing
2 district or, subject to subsection (4), the board of a Next
3 Michigan development corporation in which an eligible local
4 assessing district is a constituent member may adopt a resolution
5 to exempt from the collection of taxes under this act all new
6 personal property owned or leased by an eligible business located
7 in 1 or more eligible districts or distressed parcels designated in

1 the resolution or an eligible Next Michigan business as provided in
2 this section. The clerk of the eligible local assessing district or
3 the recording officer of a Next Michigan development corporation
4 shall notify in writing the assessor of the township or city in
5 which the eligible district or distressed parcel is located and the
6 legislative body of each taxing unit that levies ad valorem
7 property taxes in the eligible local assessing district in which
8 the eligible district or distressed parcel is located. Before
9 acting on the resolution, the governing body of the eligible local
10 assessing district or a Next Michigan development corporation shall
11 afford the assessor and a representative of the affected taxing
12 units an opportunity for a hearing.

13 (2) The exemption under this section is effective on the
14 December 31 immediately succeeding the adoption of the resolution
15 by the governing body of the eligible local assessing district or a
16 Next Michigan development corporation and, except as otherwise
17 provided in subsection (8), shall continue in effect for a period
18 specified in the resolution. However, an exemption shall not be
19 granted under this section after December 31, 2012 for an eligible
20 business located in an eligible district identified in subsection
21 (10) (f) (ix) or in an eligible local assessing district identified
22 in subsection (10) (h) (ii). A copy of the resolution shall be filed
23 with the state tax commission, the state treasurer, and the
24 president of the Michigan strategic fund. A resolution is not
25 effective unless approved as provided in subsection (3).

26 (3) Not more than 60 days after receipt of a copy of the
27 resolution adopted by the governing body of an eligible local

1 assessing district under subsection (1), the state tax commission
2 shall determine if the new personal property subject to the
3 exemption is owned or leased by an eligible business and if the
4 eligible business is located in 1 or more eligible districts. If
5 the state tax commission determines that the new personal property
6 subject to the exemption is owned or leased by an eligible business
7 and that the eligible business is located in 1 or more eligible
8 districts, the state treasurer, with the written concurrence of the
9 president of the Michigan strategic fund, shall approve the
10 resolution adopted under subsection (1) if the state treasurer and
11 the president of the Michigan strategic fund determine that
12 exempting new personal property of the eligible business is
13 necessary to reduce unemployment, promote economic growth, and
14 increase capital investment in this state. In addition, for an
15 eligible business located in an eligible local assessing district
16 described in subsection (10) (h) (ii), the resolution adopted under
17 subsection (1) shall be approved if the state treasurer and the
18 president of the Michigan strategic fund determine that granting
19 the exemption is a net benefit to this state, that expansion,
20 retention, or location of an eligible business will not occur in
21 this state without this exemption, and that there is no significant
22 negative effect on employment in other parts of this state as a
23 result of the exemption.

24 (4) A Next Michigan development corporation may only adopt a
25 resolution under subsection (1) exempting new personal property
26 from the collection of taxes under this act for new personal
27 property located in a Next Michigan development district. A Next

1 Michigan development corporation shall not adopt a resolution under
2 subsection (1) exempting new personal property from the collection
3 of taxes under this act without a written agreement entered into
4 with the eligible Next Michigan business subject to the exemption,
5 which written agreement contains a remedy provision that includes,
6 but is not limited to, all of the following:

7 (a) A requirement that the exemption under this section is
8 revoked if the eligible Next Michigan business is determined to be
9 in violation of the provisions of the written agreement.

10 (b) A requirement that the eligible Next Michigan business may
11 be required to repay all or part of the personal property taxes
12 exempted under this section if the eligible Next Michigan business
13 is determined to be in violation of the provisions of the written
14 agreement.

15 (5) Subject to subsections (6) and (8), if an existing
16 eligible business sells or leases new personal property exempt
17 under this section to an acquiring eligible business, the exemption
18 granted to the existing eligible business shall continue in effect
19 for the period specified in the resolution adopted under subsection
20 (1) for the new personal property purchased or leased from the
21 existing eligible business by the acquiring eligible business and
22 for any new personal property purchased or leased by the acquiring
23 eligible business.

24 (6) After December 31, 2007, an exemption for an existing
25 eligible business shall continue in effect for an acquiring
26 eligible business under subsection (5) only if the continuation of
27 the exemption is approved in a resolution adopted by the governing

1 body of an eligible local assessing district or the board of a Next
2 Michigan development corporation in which the eligible local
3 assessing district is a constituent member.

4 (7) Notwithstanding 2000 PA 415, all of the following shall
5 apply to an exemption under this section that was approved by the
6 state tax commission on or before April 30, 1999, regardless of the
7 effective date of the exemption:

8 (a) The exemption shall be continued for the term authorized
9 by the resolution adopted by the governing body of the eligible
10 local assessing district and approved by the state tax commission
11 with respect to buildings and improvements constructed on leased
12 real property during the term of the exemption if the value of the
13 real property is not assessed to the owner of the buildings and
14 improvements.

15 (b) The exemption shall not be impaired or restricted with
16 respect to buildings and improvements constructed on leased real
17 property during the term of the exemption if the value of the real
18 property is not assessed to the owner of the buildings and
19 improvements.

20 (8) Notwithstanding any other provision of this section to the
21 contrary, if new personal property exempt under this section on or
22 after December 31, 2012 is eligible manufacturing personal
23 property, that eligible manufacturing personal property shall
24 remain exempt under this section until the later of the following:

25 (a) The date that eligible manufacturing personal property
26 would otherwise be exempt from the collection of taxes under this
27 act under section 9m, 9n, or 9o.

1 (b) The date that eligible manufacturing personal property is
2 no longer exempt under the resolution adopted under subsection (1).

3 (9) An eligible business that owns or leases new personal
4 property that is exempt under this section and that is eligible
5 personal property shall ~~file an affidavit with~~ **DELIVER THE COMBINED**
6 **DOCUMENT REQUIRED UNDER SECTIONS 9M AND 9N TO** the assessor of the
7 township or city in which the eligible personal property is located
8 ~~not later than~~ **BY** February 20 of the ~~first~~ **EACH** year that the new
9 personal property is eligible personal property. ~~in a manner~~
10 ~~provided by section 7(8) of the state essential services assessment~~
11 ~~act, 2014 PA 92, MCL 211.1057.~~ The affidavit **FORM** shall indicate
12 that the new personal property is eligible personal property. ~~The~~
13 ~~affidavit shall be in a form prescribed by the state tax~~
14 ~~commission.~~

15 (10) As used in this section:

16 (a) "Acquiring eligible business" means an eligible business
17 that purchases or leases assets of an existing eligible business,
18 including the purchase or lease of new personal property exempt
19 under this section, and that will conduct business operations
20 similar to those of the existing eligible business at the location
21 of the existing eligible business within the eligible district.

22 (b) "Authorized business" means that term as defined in
23 section 3 of the Michigan economic growth authority act, 1995 PA
24 24, MCL 207.803.

25 (c) "Eligible manufacturing personal property" means that term
26 as defined in section 9m.

27 (d) "Distressed parcel" means a parcel of real property

1 located in a city or village that meets all of the following
2 conditions:

3 (i) Is located in a qualified downtown revitalization
4 district. As used in this subparagraph, "qualified downtown
5 revitalization district" means an area located within 1 or more of
6 the following:

7 (A) The boundaries of a downtown district as defined in
8 section 1 of 1975 PA 197, MCL 125.1651.

9 (B) The boundaries of a principal shopping district or a
10 business improvement district as defined in section 1 of 1961 PA
11 120, MCL 125.981.

12 (C) The boundaries of the local governmental unit in an area
13 that is zoned and primarily used for business as determined by the
14 local governmental unit.

15 (ii) Meets 1 of the following conditions:

16 (A) Has a blighted or functionally obsolete building located
17 on the parcel. As used in this sub-subparagraph, "blighted" and
18 "functionally obsolete" mean those terms as defined in section 2 of
19 the brownfield redevelopment financing act, 1996 PA 381, MCL
20 125.2652.

21 (B) Is a vacant parcel that had been previously occupied.

22 (iii) Is zoned to allow for mixed use.

23 (e) "Eligible business" means, effective August 7, 1998, a
24 business engaged primarily in manufacturing, mining, research and
25 development, wholesale trade, office operations, or the operation
26 of a facility for which the business that owns or operates the
27 facility is an eligible taxpayer. For purposes of a Next Michigan

1 development corporation, eligible business means only an eligible
2 Next Michigan business. Eligible business does not include a
3 casino, retail establishment, professional sports stadium, or that
4 portion of an eligible business used exclusively for retail sales.
5 Professional sports stadium does not include a sports stadium in
6 existence on June 6, 2000 that is not used by a professional sports
7 team on the date of the resolution adopted pursuant to subsection
8 (1). As used in this subdivision, "casino" means a casino regulated
9 by this state under the Michigan gaming control and revenue act,
10 1996 IL 1, MCL 432.201 to 432.226, and all property associated or
11 affiliated with the operation of a casino, including, but not
12 limited to, a parking lot, hotel, motel, or retail store.

13 (f) "Eligible district" means 1 or more of the following:

14 (i) An industrial development district as that term is defined
15 in 1974 PA 198, MCL 207.551 to 207.572.

16 (ii) A renaissance zone as that term is defined in the
17 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
18 125.2696.

19 (iii) An enterprise zone as that term is defined in the
20 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

21 (iv) A brownfield redevelopment zone as that term is
22 designated under the brownfield redevelopment financing act, 1996
23 PA 381, MCL 125.2651 to 125.2672.

24 (v) An empowerment zone designated under subchapter U of
25 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to
26 1397F.

27 (vi) An authority district or a development area as those

1 terms are defined in the tax increment finance authority act, 1980
2 PA 450, MCL 125.1801 to 125.1830.

3 (vii) An authority district as that term is defined in the
4 local development financing act, 1986 PA 281, MCL 125.2151 to
5 125.2174.

6 (viii) A downtown district or a development area as those
7 terms are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

8 (ix) An area that contains an eligible taxpayer.

9 (x) A Next Michigan development district.

10 (g) "Eligible distressed area" means 1 of the following:

11 (i) That term as defined in section 11 of the state housing
12 development authority act of 1966, 1966 PA 346, MCL 125.1411.

13 (ii) An area that contains an eligible taxpayer.

14 (h) "Eligible local assessing district" means a city, village,
15 or township that contains an eligible distressed area or that is a
16 party to an intergovernmental agreement creating a Next Michigan
17 development corporation, or a city, village, or township that meets
18 1 or more of the following conditions and is located in a county
19 all or a portion of which borders another state or Canada:

20 (i) Is currently served by not fewer than 4 of the following
21 existing services:

22 (A) Water.

23 (B) Sewer.

24 (C) Police.

25 (D) Fire.

26 (E) Trash.

27 (F) Recycling.

1 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to
2 124.30, with a city, village, or township that provides not fewer
3 than 4 of the following existing services:

4 (A) Water.

5 (B) Sewer.

6 (C) Police.

7 (D) Fire.

8 (E) Trash.

9 (F) Recycling.

10 (i) "Eligible Next Michigan business" means that term as
11 defined in section 3 of the Michigan economic growth authority act,
12 1995 PA 24, MCL 207.803.

13 (j) "Eligible personal property" means that term as defined in
14 section 3(e)(ii) or (iv) of the state essential services assessment
15 act, 2014 PA 92, MCL 211.1053.

16 (k) "Eligible taxpayer" means a taxpayer that meets both of
17 the following conditions:

18 (i) Is an authorized business.

19 (ii) Is eligible for tax credits described in section 9 of the
20 Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

21 (l) "Existing eligible business" means an eligible business
22 identified in a resolution adopted under subsection (1) for which
23 an exemption has been granted under this section.

24 (m) "New personal property" means personal property that was
25 not previously subject to tax under this act or was not previously
26 placed in service in this state and that is placed in an eligible
27 district after a resolution under subsection (1) is approved. As

1 used in this subdivision, for exemptions approved by the state
2 treasurer under subsection (3) after April 30, 1999, new personal
3 property does not include buildings described in section 14(6) and
4 personal property described in section 8(h), (i), and (j). For
5 exemptions subject to resolutions adopted under subsection (1)
6 after December 31, 2014, new personal property does not include
7 eligible manufacturing personal property.

8 (n) "Next Michigan development corporation" and "Next Michigan
9 development district" mean those terms as defined under the Next
10 Michigan development act, 2010 PA 275, MCL 125.2951 to 125.2959.

11 Sec. 9m. (1) Beginning December 31, 2015 and each year
12 thereafter, qualified new personal property for which an exemption
13 has been properly claimed under subsection (2) is exempt from the
14 collection of taxes under this act.

15 ~~(2) A person shall claim the exemption under this section by~~
16 ~~filing an affidavit with the assessor of the township or city in~~
17 ~~which the qualified new personal property is located as provided in~~
18 ~~subsection (3). The affidavit shall be in a form prescribed by the~~
19 ~~state tax commission. An affidavit claiming an exemption under this~~
20 ~~section applies to all existing and subsequently acquired qualified~~
21 ~~new personal property. The assessor of the township or city shall~~
22 ~~annually transmit the affidavits filed, or the information~~
23 ~~contained in the affidavits filed, under this section, and other~~
24 ~~parcel information required by the department of treasury, to the~~
25 ~~department of treasury in the form and in the manner prescribed by~~
26 ~~the department of treasury no later than April 1. **A PERSON SHALL**~~
27 **CLAIM THE EXEMPTION UNDER THIS SECTION AND SECTION 9N BY FILING**

1 EACH YEAR A COMBINED DOCUMENT THAT INCLUDES THE FORM TO CLAIM THE
2 EXEMPTION UNDER THIS SECTION AND SECTION 9N, A REPORT OF THE FAIR
3 MARKET VALUE AND YEAR OF ACQUISITION BY THE FIRST OWNER OF
4 QUALIFIED NEW PERSONAL PROPERTY, AND FOR ANY YEAR BEFORE 2023, A
5 STATEMENT UNDER SECTION 19. THE COMBINED DOCUMENT SHALL BE IN A
6 FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY. A person
7 claiming an exemption under this section shall rescind the claim of
8 exemption by December 31 of the year in which exempted property is
9 no longer eligible for the exemption by filing with the assessor of
10 the township or city a rescission affidavit in a form prescribed by
11 the ~~state tax commission.~~ **DEPARTMENT OF TREASURY.** The assessor of
12 the township or city shall annually transmit the rescission
13 affidavits filed, or the information contained in the rescission
14 affidavits filed, under this section to the department of treasury
15 in the form and in the manner prescribed by the department of
16 treasury no later than April 1.

17 ~~—— (3) If a person claiming an exemption under this section has~~
18 ~~not filed an affidavit under this section in any prior year with~~
19 ~~the assessor of the township or city in which the qualified new~~
20 ~~personal property is located, that person shall file the affidavit~~
21 ~~described under subsection (2) with that assessor not later than~~
22 ~~February 20 of the first year for which the person is claiming the~~
23 ~~exemption for qualified new personal property in the township or~~
24 ~~city in a manner provided by section 7(8) of the state essential~~
25 ~~services assessment act, 2014 PA 92, MCL 211.1057.~~

26 ~~—— (4) Except for a person claiming an exemption under this~~
27 ~~section for personal property that was subject to section 9f or~~

1 ~~1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit~~
2 ~~claiming the exemption under this section is filed as provided in~~
3 ~~subsection (3) by February 20, 2016, and the person claiming the~~
4 ~~exemption under this section complied with section 19(9) in 2015,~~
5 ~~or if the filing requirement under section 19(9) was not applicable~~
6 ~~because the qualified new personal property was acquired in 2015,~~
7 ~~the person claiming the exemption under this section is not~~
8 ~~required to file a statement under section 19 for that qualified~~
9 ~~new personal property in 2016. Except for a person claiming an~~
10 ~~exemption under this section for personal property that was subject~~
11 ~~to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if~~
12 ~~an affidavit claiming the exemption under this section is filed as~~
13 ~~provided in subsection (3), beginning in 2017, the person claiming~~
14 ~~the exemption under this section is not required to file a~~
15 ~~statement under section 19 for qualified new personal property~~
16 ~~exempt under this section. For a person claiming an exemption under~~
17 ~~this section for personal property that was subject to section 9f~~
18 ~~or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit~~
19 ~~claiming the exemption under this section is filed as provided in~~
20 ~~subsection (3) and the person claiming the exemption under this~~
21 ~~section complied with section 19(9) in 2015, the person claiming~~
22 ~~the exemption under this section is not required to file a~~
23 ~~statement under section 19 for that qualified new personal property~~
24 ~~in the first year for which that person is claiming an exemption~~
25 ~~under this section or in any subsequent year. For a person claiming~~
26 ~~an exemption under this section for personal property that was~~
27 ~~subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in~~

1 ~~2015, if an affidavit claiming the exemption under this section is~~
 2 ~~filed as provided in subsection (3), but the person claiming the~~
 3 ~~exemption under this section did not comply with section 19(9) in~~
 4 ~~2015, the person claiming the exemption under this section shall~~
 5 ~~file a statement under section 19 for that person's qualified new~~
 6 ~~personal property in the first year for which that person is~~
 7 ~~claiming an exemption under this section for qualified new personal~~
 8 ~~property, but that person is not required to file a statement under~~
 9 ~~section 19 for that qualified new personal property in any~~
 10 ~~subsequent year. If the person claiming the exemption under this~~
 11 ~~section has not filed an affidavit as required under subsection~~
 12 ~~(2), the personal property for which the person is claiming an~~
 13 ~~exemption is subject to the collection of taxes under this act and~~
 14 ~~that person shall file a statement under section 19.~~

15 (3) ~~(5)~~—If the assessor of the township or city believes that
 16 personal property for which an affidavit **THE FORM** claiming an
 17 exemption is **TIMELY** filed under subsection ~~(2)~~ **BY FEBRUARY 20 OF**
 18 **EACH YEAR** is not qualified new personal property **OR THE FORM FILED**
 19 **IS INCOMPLETE**, the assessor may deny that claim for exemption by
 20 notifying the person that filed the affidavit **FORM** in writing of
 21 the reason for the denial and advising the person that the denial
 22 ~~may~~ **SHALL** be appealed to the board of review under section 30. ~~or~~
 23 ~~53b~~. The assessor may deny a claim for exemption under this
 24 subsection for the current year only. If the assessor denies a
 25 claim for exemption, the assessor shall remove the exemption of
 26 that personal property and amend the tax roll to reflect the denial
 27 and the local treasurer shall within 30 days of the date of the

1 denial issue a corrected tax bill for any additional taxes.

2 (4) ~~(6)~~—A person claiming an exemption for qualified new
3 personal property exempt under this section shall maintain books
4 and records and shall provide access to those books and records as
5 provided in section 22.

6 (5) ~~(7)~~—If a person fraudulently claims an exemption for
7 personal property under this section, that person is subject to the
8 penalties provided for in section 21(2).

9 (6) ~~(8)~~—As used in this section:

10 (a) "Affiliated person" means a sole proprietorship,
11 partnership, limited liability company, corporation, association,
12 flow-through entity, member of a unitary business group, or other
13 entity related to a person claiming an exemption under this
14 section.

15 (b) "Direct integrated support" means any of the following:

16 (i) Research and development related to goods produced in
17 industrial processing and conducted in furtherance of that
18 industrial processing.

19 (ii) Testing and quality control functions related to goods
20 produced in industrial processing and conducted in furtherance of
21 that industrial processing.

22 (iii) Engineering related to goods produced in industrial
23 processing and conducted in furtherance of that industrial
24 processing.

25 (iv) Receiving or storing equipment, materials, supplies,
26 parts, or components for industrial processing, or scrap materials
27 or waste resulting from industrial processing, at the industrial

1 processing site or at another site owned or leased by the owner or
2 lessee of the industrial processing site.

3 (v) Storing of finished goods inventory if the inventory was
4 produced by a business engaged primarily in industrial processing
5 and if the inventory is stored either at the site where it was
6 produced or at another site owned or leased by the business that
7 produced the inventory.

8 (vi) Sorting, distributing, or sequencing functions that
9 optimize transportation and just-in-time inventory management and
10 material handling for inputs to industrial processing.

11 (c) "Eligible manufacturing personal property" means all
12 personal property located on occupied real property if that
13 personal property is predominantly used in industrial processing or
14 direct integrated support, except that for personal property that
15 is construction in progress and part of a new facility not in
16 operation, eligible manufacturing personal property means all
17 personal property that is part of that new facility if that
18 personal property will be predominantly used in industrial
19 processing when the facility becomes operational. Personal property
20 that is not owned, leased, or used by the person who owns or leases
21 occupied real property where the personal property is located is
22 not eligible manufacturing personal property, unless the personal
23 property is located on the occupied real property to carry on a
24 current on-site business activity. Personal property that is placed
25 on occupied real property solely to qualify the personal property
26 for an exemption under this section or section 9n is not eligible
27 manufacturing personal property. Personal property located on

1 occupied real property is predominantly used in industrial
2 processing or direct integrated support if the result of the
3 following calculation is more than 50%:

4 (i) Multiply the original cost of all personal property that
5 is subject to the collection of taxes under this act and all
6 personal property that is exempt from the collection of taxes under
7 sections 7k, 9b, 9f, 9n, and 9o and this section that is located on
8 that occupied real property and that is not construction in
9 progress by its percentage of use in industrial processing or in
10 direct integrated support. Personal property is used in industrial
11 processing if it is not used to generate, transmit, or distribute
12 electricity for sale, if it is not utility personal property as
13 described in section 34c(3)(e), and if its purchase or use by the
14 person claiming the exemption would be eligible for exemption under
15 section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t,
16 or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. For an
17 item of personal property that is used in industrial processing,
18 its percentage of use in industrial processing shall equal the
19 percentage of the exemption the property would be eligible for
20 under section 4t of the general sales tax act, 1933 PA 167, MCL
21 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.
22 Utility personal property as described in section 34c(3)(e) is not
23 used in direct integrated support.

24 (ii) Divide the result of the calculation under subparagraph
25 (i) by the total original cost of all personal property that is
26 subject to the collection of taxes under this act and all personal
27 property that is exempt from the collection of taxes under sections

1 7k, 9b, 9f, 9n, and 9o and this section that is located on that
2 occupied real property and that is not construction in progress.

3 (d) "Industrial processing" means that term as defined in
4 section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t,
5 or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.
6 Industrial processing does not include the generation,
7 transmission, or distribution of electricity for sale.

8 (e) "New personal property" means property that was initially
9 placed in service in this state or outside of this state after
10 December 31, 2012 or that was construction in progress on or after
11 December 31, 2012 that had not been placed in service in this state
12 or outside of this state before 2013.

13 (f) "Occupied real property" means all of the following:

14 (i) A parcel of real property that is entirely owned, leased,
15 or otherwise occupied by a person claiming an exemption under this
16 section or under section 9n.

17 (ii) Contiguous parcels of real property that are entirely
18 owned, leased, or otherwise occupied by a person claiming an
19 exemption under this section or under section 9n and that host a
20 single, integrated business operation engaged primarily in
21 industrial processing, direct integrated support, or both. A
22 business operation is not engaged primarily in industrial
23 processing, direct integrated support, or both if it engages in
24 significant business activities that are not directly related to
25 industrial processing or direct integrated support.

26 (iii) The portion of a parcel of real property that is owned,
27 leased, or otherwise occupied by a person claiming the exemption

1 under this section or under section 9n or by an affiliated person.

2 (g) "Original cost" means the fair market value of personal
3 property at the time of acquisition by the first owner. There is a
4 rebuttable presumption that the acquisition price paid by the first
5 owner for personal property reflects the original cost of that
6 personal property. The ~~state tax commission~~ **DEPARTMENT OF TREASURY**
7 may provide guidelines for 1 or more of the following
8 circumstances:

9 (i) Determining original cost of personal property when the
10 actual acquisition price paid by the first owner for personal
11 property is not determinative of the original cost of that personal
12 property.

13 (ii) Estimating original cost of personal property when the
14 actual acquisition price paid by the first owner for the personal
15 property is unknown.

16 (iii) Adjusting original cost of personal property when the
17 personal property is idle, is obsolete or has material
18 obsolescence, or is surplus.

19 (h) "Person" means an individual, partnership, corporation,
20 association, limited liability company, or any other legal entity.

21 (i) "Qualified new personal property" means property that
22 meets all of the following conditions:

23 (i) Is eligible manufacturing personal property.

24 (ii) Is new personal property.

25 Sec. 9n. (1) Beginning December 31, 2015 and each year
26 thereafter, qualified previously existing personal property for
27 which an exemption has been properly claimed under subsection (2)

1 is exempt from the collection of taxes under this act.

2 (2) ~~A person shall claim the exemption under this section by~~
3 ~~filing an affidavit with the assessor of the township or city in~~
4 ~~which the qualified previously existing personal property is~~
5 ~~located as provided in subsection (3). The affidavit shall be in a~~
6 ~~form prescribed by the state tax commission. An affidavit claiming~~
7 ~~an exemption under this section applies to all existing and~~
8 ~~subsequently acquired qualified previously existing personal~~
9 ~~property. The assessor of the township or city shall annually~~
10 ~~transmit the affidavits filed, or the information contained in the~~
11 ~~affidavits filed, under this section, and other parcel information~~
12 ~~required by the department of treasury, to the department of~~
13 ~~treasury in the form and in the manner prescribed by the department~~
14 ~~of treasury no later than April 1.~~ **A PERSON SHALL CLAIM THE**
15 **EXEMPTION UNDER THIS SECTION AND SECTION 9M BY FILING EACH YEAR A**
16 **COMBINED DOCUMENT THAT INCLUDES THE FORM TO CLAIM THE EXEMPTION**
17 **UNDER THIS SECTION AND SECTION 9M, A REPORT OF THE FAIR MARKET**
18 **VALUE AND YEAR OF ACQUISITION BY THE FIRST OWNER OF QUALIFIED NEW**
19 **PERSONAL PROPERTY, AND FOR ANY YEAR BEFORE 2023, A STATEMENT UNDER**
20 **SECTION 19. THE COMBINED DOCUMENT SHALL BE IN A FORM AND MANNER**
21 **PRESCRIBED BY THE DEPARTMENT OF TREASURY.** A person claiming an
22 exemption under this section shall rescind the claim of exemption
23 by December 31 of the year in which exempted property is no longer
24 eligible for the exemption by filing with the assessor of the
25 township or city a rescission affidavit in a form prescribed by the
26 ~~state tax commission.~~ **DEPARTMENT OF TREASURY.** The assessor of the
27 township or city shall annually transmit the rescission affidavits

1 filed, or the information contained in the rescission affidavits
2 filed, under this section to the department of treasury in the form
3 and in the manner prescribed by the department of treasury no later
4 than April 1.

5 ~~—— (3) If a person claiming an exemption under this section has~~
6 ~~not filed an affidavit under this section in any prior year with~~
7 ~~the assessor of the township or city in which the qualified~~
8 ~~previously existing personal property is located claiming an~~
9 ~~exemption for that qualified previously existing personal property,~~
10 ~~that person shall file the affidavit described under subsection (2)~~
11 ~~with that assessor not later than February 20 of the first year for~~
12 ~~which the person is claiming the exemption for that qualified~~
13 ~~previously existing personal property in the township or city in a~~
14 ~~manner provided by section 7(8) of the state essential services~~
15 ~~assessment act, 2014 PA 92, MCL 211.1057. If an affidavit claiming~~
16 ~~the exemption for qualified previously existing personal property~~
17 ~~under this section is filed as provided in this subsection and the~~
18 ~~person claiming an exemption for that qualified previously existing~~
19 ~~personal property complied with section 19(9) with respect to that~~
20 ~~qualified previously existing personal property in 2015, or if the~~
21 ~~filing requirement under section 19(9) was not applicable because~~
22 ~~the qualified previously existing personal property was acquired in~~
23 ~~2015 or later, the person claiming the exemption under this section~~
24 ~~is not required to also file a statement under section 19 for that~~
25 ~~qualified previously existing personal property in the first year~~
26 ~~for which the exemption is claimed or in any subsequent year. If an~~
27 ~~affidavit claiming the exemption for qualified previously existing~~

1 ~~personal property under this section is filed as provided in this~~
2 ~~subsection but the person claiming the exemption under this section~~
3 ~~did not comply with section 19(9) with respect to that qualified~~
4 ~~previously existing personal property in 2015, the person claiming~~
5 ~~the exemption under this section shall file a statement under~~
6 ~~section 19 for that qualified previously existing personal property~~
7 ~~in the first year for which the person is claiming an exemption for~~
8 ~~that qualified previously existing personal property, but the~~
9 ~~person is not required to file a statement under section 19 for~~
10 ~~that qualified previously existing personal property in any~~
11 ~~subsequent year. If a person claiming an exemption for qualified~~
12 ~~previously existing personal property has not filed an affidavit as~~
13 ~~required under this section, that person's qualified previously~~
14 ~~existing personal property is subject to the collection of taxes~~
15 ~~under this act and that person shall file a statement under section~~
16 ~~19.~~

17 (3) ~~(4)~~—If the assessor of the township or city believes that
18 personal property for which an affidavit ~~THE FORM~~ claiming an
19 exemption is **TIMELY** filed under subsection ~~(2)~~ **BY FEBRUARY 20 OF**
20 **EACH YEAR** is not qualified previously existing personal property **OR**
21 **THE FORM FILED IS INCOMPLETE**, the assessor may deny that claim for
22 exemption by notifying the person that filed the affidavit ~~FORM~~ in
23 writing of the reason for the denial and advising the person that
24 the denial ~~may~~ **SHALL** be appealed to the board of review under
25 section 30. ~~or 53b.~~ The assessor may deny a claim for exemption
26 under this subsection for the current year only. If the assessor
27 denies a claim for exemption, the assessor shall remove the

1 exemption of that personal property and amend the tax roll to
2 reflect the denial and the local treasurer shall within 30 days of
3 the date of the denial issue a corrected tax bill for any
4 additional taxes.

5 (4) ~~(5)~~—A person claiming an exemption for qualified
6 previously existing personal property exempt under this section
7 shall maintain books and records and shall provide access to those
8 books and records as provided in section 22.

9 (5) ~~(6)~~—If a person fraudulently claims an exemption for
10 personal property under this section, that person is subject to the
11 penalties provided for in section 21(2).

12 (6) ~~(7)~~—As used in this section:

13 (a) "Direct integrated support", "eligible manufacturing
14 personal property", and "industrial processing" mean those terms as
15 defined in section 9m.

16 (b) "Person" means an individual, partnership, corporation,
17 association, limited liability company, or any other legal entity.

18 (c) "Qualified previously existing personal property" means
19 personal property that meets both of the following conditions:

20 (i) Is eligible manufacturing personal property.

21 (ii) Was first placed in service within this state or outside
22 this state more than 10 years before the current calendar year.

23 Sec. 19. (1) A supervisor or other assessing officer, as soon
24 as possible after entering upon the duties of his or her office or
25 as required under the provisions of any charter that makes special
26 provisions for the assessment of property, shall ascertain the
27 taxable property in his or her assessing district, the person to

1 whom it should be assessed, and that person's residence.

2 (2) Except as otherwise provided in section 9m, 9n, or 9o, the
3 supervisor or other assessing officer shall require any person whom
4 he or she believes has personal property in their possession to
5 make a statement of all the personal property of that person
6 whether owned by that person or held for the use of another to be
7 completed and delivered to the supervisor or assessor ~~on or before~~
8 **BY** February 20 of each year. A notice the supervisor or other
9 assessing officer provides regarding that statement shall also do
10 all of the following:

11 (a) Notify the person to whom such notice is given of the
12 exemptions available under sections 9m, 9n, and 9o.

13 (b) Explain where information about those exemptions, the
14 forms and requirements for claiming those exemptions, and the forms
15 for the statement otherwise required under this section are
16 available.

17 (c) Be sent or delivered by not later than January 10 of each
18 year.

19 (3) If a supervisor, an assessing officer, a county tax or
20 equalization department provided for in section 34, or the state
21 tax commission considers it necessary to require from any person a
22 statement of real property assessable to that person, it shall
23 notify the person, and that person shall submit the statement.

24 (4) A local tax collecting unit may provide for the electronic
25 filing of the statement required under subsection (2) or (3).

26 (5) A statement under subsection (2) or (3) shall be in a form
27 prescribed by the state tax commission. If a local tax collecting

1 unit has provided for electronic filing of the statement under
2 subsection (4), the filing format shall be prescribed by the state
3 tax commission. The state tax commission shall not prescribe more
4 than 1 format for electronically filing a statement under
5 subsection (2) or more than 1 format for electronically filing a
6 statement under subsection (3).

7 (6) A statement under subsection (2) or (3) shall be signed
8 manually, by facsimile, or electronically. A supervisor or assessor
9 shall not require that a statement required under subsection (2) or
10 (3) be filed ~~before~~ **BY** February 20 of each year.

11 (7) A supervisor or assessor shall not accept a statement
12 under subsection (2) or (3) as final or sufficient if that
13 statement is not in the proper form or does not contain a manual,
14 facsimile, or electronic signature. A supervisor or assessor shall
15 preserve a statement that is not in the proper form or is not
16 signed as in other cases, and that statement may be used to make
17 the assessment and as evidence in any proceeding regarding the
18 assessment of the person furnishing that statement.

19 (8) An electronic or facsimile signature, **FOR A STATEMENT**
20 **REQUIRED UNDER THIS SECTION OR A COMBINED DOCUMENT REQUIRED UNDER**
21 **SECTION 9M, 9N, OR 9o, OR UNDER SECTION 7 OF THE STATE ESSENTIAL**
22 **SERVICES ASSESSMENT ACT, 2014 PA 92, MCL 211.1057,** shall be
23 accepted by a local tax collecting unit using a procedure
24 prescribed by the state tax commission.

25 ~~(9) A statement under subsection (2) for 2015 shall include a~~
26 ~~schedule of when any personal property included in the statement~~
27 ~~will become eligible for exemption under section 9m or 9n. For 2015~~

1 ~~statements under subsection (2) that identify property eligible for~~
2 ~~exemption under section 9m or 9n, a supervisor or assessor shall~~
3 ~~provide to the department of treasury by June 1, 2015 a copy of the~~
4 ~~statement, or the information on the statement, as prescribed by~~
5 ~~the department of treasury.~~ The department of treasury's use of a
6 statement, or information on a statement, provided under this
7 subsection is subject to section 28(1)(f) of 1941 PA 122, MCL
8 205.28.

9 Sec. 53b. (1) If there has been a qualified error, the
10 qualified error shall be verified by the local assessing officer
11 and approved by the board of review. Except as otherwise provided
12 in subsection (9), the board of review shall meet for the purposes
13 of this section on Tuesday following the second Monday in December
14 and on Tuesday following the third Monday in July. If approved, the
15 board of review shall file an affidavit within 30 days relative to
16 the qualified error with the proper officials and all affected
17 official records shall be corrected. If the qualified error results
18 in an overpayment or underpayment, the rebate, including any
19 interest paid, shall be made to the taxpayer or the taxpayer shall
20 be notified and payment made within 30 days of the notice. A rebate
21 shall be without interest. The treasurer in possession of the
22 appropriate tax roll may deduct the rebate from the appropriate tax
23 collecting unit's subsequent distribution of taxes. The treasurer
24 in possession of the appropriate tax roll shall bill to the
25 appropriate tax collecting unit the tax collecting unit's share of
26 taxes rebated. Except as otherwise provided in subsections (6) and
27 (8) and section 27a(4), a correction under this subsection may be

1 made for the current year and the immediately preceding year only.

2 (2) Action pursuant to subsection (1) may be initiated by the
3 taxpayer or the assessing officer.

4 (3) The board of review meeting in July and December shall
5 meet only for the purpose described in subsection (1) and to hear
6 appeals provided for in sections 7u, 7cc, 7ee, 7jj, ~~9m, 9n,~~ and 9o.
7 If an exemption under section 7u is approved, the board of review
8 shall file an affidavit with the proper officials involved in the
9 assessment and collection of taxes and all affected official
10 records shall be corrected. If an appeal under section 7cc, 7ee,
11 7jj, ~~9m, 9n,~~ or 9o results in a determination that an overpayment
12 has been made, the board of review shall file an affidavit and a
13 rebate shall be made at the times and in the manner provided in
14 subsection (1). Except as otherwise provided in sections 7cc, 7ee,
15 7jj, and 9o, a correction under this subsection shall be made for
16 the year in which the appeal is made only. If the board of review
17 approves an exemption or provides a rebate for property under
18 section 7cc, 7ee, or 7jj as provided in this subsection, the board
19 of review shall require the owner to execute the affidavit provided
20 for in section 7cc, 7ee, or 7jj and shall forward a copy of any
21 section 7cc affidavits to the department of treasury.

22 (4) If an exemption under section 7cc is approved by the board
23 of review under this section, the provisions of section 7cc apply.
24 If an exemption under section 7cc is not approved by the board of
25 review under this section, the owner may appeal that decision in
26 writing to the department of treasury within 35 days of the board
27 of review's denial and the appeal shall be conducted as provided in

1 section 7cc(8).

2 (5) An owner or assessor may appeal a decision of the board of
3 review under this section regarding an exemption under section 7ee
4 or 7jj to the residential and small claims division of the Michigan
5 tax tribunal. An owner is not required to pay the amount of tax in
6 dispute in order to receive a final determination of the
7 residential and small claims division of the Michigan tax tribunal.
8 However, interest and penalties, if any, shall accrue and be
9 computed based on interest and penalties that would have accrued
10 from the date the taxes were originally levied as if there had not
11 been an exemption.

12 (6) A correction under this section that approves a principal
13 residence exemption pursuant to section 7cc may be made for the
14 year in which the appeal was filed and the 3 immediately preceding
15 tax years.

16 (7) For the appeal of a denial of a claim of exemption for
17 personal property under section 9m, 9n, or 9o, if an exemption is
18 approved, the board of review shall remove the personal property
19 from the assessment roll.

20 (8) If an exemption for personal property under section ~~9m,~~
21 ~~9n,~~ ~~or~~ ~~9o~~ is approved, the board of review shall file an affidavit
22 with the proper officials involved in the assessment and collection
23 of taxes and all affected official records shall be corrected. If
24 the board of review does not approve an exemption under section ~~9m,~~
25 ~~9n,~~ ~~or~~ ~~9o~~, the person claiming the exemption for that personal
26 property may appeal that decision in writing to the Michigan tax
27 tribunal. A correction under this subsection that approves an

1 exemption under section 9o may be made for the year in which the
2 appeal was filed and the immediately preceding 3 tax years. A
3 ~~correction under this subsection that approves an exemption under~~
4 ~~section 9m or 9n may be made only for the year in which the appeal~~
5 ~~was filed.~~

6 (9) The governing body of the city or township may authorize,
7 by adoption of an ordinance or resolution, 1 or more of the
8 following alternative meeting dates for the purposes of this
9 section:

10 (a) An alternative meeting date during the week of the second
11 Monday in December.

12 (b) An alternative meeting date during the week of the third
13 Monday in July.

14 (10) As used in this section, "qualified error" means 1 or
15 more of the following:

16 (a) A clerical error relative to the correct assessment
17 figures, the rate of taxation, or the mathematical computation
18 relating to the assessing of taxes.

19 (b) A mutual mistake of fact.

20 (c) An adjustment under section 27a(4) or an exemption under
21 section 7hh(3)(b).

22 (d) An error of measurement or calculation of the physical
23 dimensions or components of the real property being assessed.

24 (e) An error of omission or inclusion of a part of the real
25 property being assessed.

26 (f) An error regarding the correct taxable status of the real
27 property being assessed.

1 (g) An error made by the taxpayer in preparing the statement
2 of assessable personal property under section 19.

3 (h) An error made in the denial of a claim of exemption for
4 personal property under section 9m, 9n, or 9o.