

# HOUSE BILL No. 5261

November 28, 2017, Introduced by Rep. Tedder and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 9o (MCL 211.9o), as amended by 2013 PA 153.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 9o. (1) Beginning December 31, 2013, eligible personal  
2 property for which an exemption has been properly claimed under  
3 this section is exempt from the collection of taxes under this act.

4           (2) An owner of eligible personal property shall claim the  
5 exemption under this section by ~~annually filing an affidavit~~  
6 **STATEMENT** with the local tax collecting unit in which the eligible  
7 personal property is located not later than February 10 ~~in each tax~~  
8 ~~year.~~ **20 OF THE FIRST YEAR THE EXEMPTION IS CLAIMED.** The ~~affidavit~~  
9 **STATEMENT** shall be in a form prescribed by the state tax commission

1 and shall include any address where any property owned by, leased  
2 to, or in the possession of that owner or a related entity is  
3 located within that local tax collecting unit. The ~~affidavit~~  
4 **STATEMENT** shall require the owner to attest that the combined true  
5 cash value of all industrial personal property and commercial  
6 personal property in that local tax collecting unit owned by,  
7 leased to, or in the possession of that owner or a related entity  
8 on December 31 of the immediately preceding year is less than  
9 \$80,000.00.

10 (3) If ~~an affidavit~~ **A STATEMENT** claiming the exemption under  
11 this section is filed as provided in subsection (2), the owner of  
12 that eligible personal property is not required to ~~also file a~~  
13 statement under section 19. ~~in that tax year.~~

14 (4) A person who claims an exemption for eligible personal  
15 property under this section shall maintain books and records and  
16 shall provide access to those books and records as provided in  
17 section 22. **A LOCAL UNIT OF GOVERNMENT MAY DEVELOP AND IMPLEMENT AN**  
18 **AUDIT PROGRAM THAT INCLUDES, BUT IS NOT LIMITED TO, THE AUDIT OF**  
19 **ALL INFORMATION SUBMITTED UNDER SUBSECTION (2) FOR THE CURRENT**  
20 **CALENDAR YEAR AND THE 3 CALENDAR YEARS IMMEDIATELY PRECEDING THE**  
21 **COMMENCEMENT OF AN AUDIT. ANY ASSESSMENT AS A RESULT OF AN AUDIT**  
22 **MUST BE PAID IN FULL WITHIN 35 DAYS OF ISSUANCE AND MUST INCLUDE**  
23 **INTEREST AS DESCRIBED IN SUBSECTION (5).**

24 (5) **AN EXEMPTION GRANTED UNDER THIS SECTION REMAINS IN EFFECT**  
25 **UNTIL THE PERSONAL PROPERTY IS NO LONGER ELIGIBLE PERSONAL**  
26 **PROPERTY. AN OWNER WHOSE PERSONAL PROPERTY IS NO LONGER ELIGIBLE**  
27 **PERSONAL PROPERTY SHALL FILE BY FEBRUARY 20 OF THE YEAR THAT THE**

1 PROPERTY IS NO LONGER ELIGIBLE A RESCISSION AND THE STATEMENT  
2 REQUIRED UNDER SECTION 19. THE RESCISSION SHALL BE FILED ON A FORM  
3 PRESCRIBED BY THE DEPARTMENT OF TREASURY. UPON RECEIPT OF A  
4 RESCISSION FORM, THE LOCAL ASSESSOR SHALL IMMEDIATELY REMOVE THE  
5 EXEMPTION. AN OWNER WHO FAILS TO FILE A RESCISSION AND WHOSE  
6 PROPERTY IS LATER DETERMINED TO BE INELIGIBLE FOR THE EXEMPTION  
7 WILL BE SUBJECT TO REPAYMENT OF ANY ADDITIONAL TAXES WITH INTEREST  
8 AS DESCRIBED IN THIS SUBSECTION. UPON DISCOVERY THAT THE PROPERTY  
9 IS NO LONGER ELIGIBLE PERSONAL PROPERTY, THE ASSESSOR SHALL REMOVE  
10 THE EXEMPTION OF THAT PERSONAL PROPERTY AND, IF THE TAX ROLL IS IN  
11 THE LOCAL TAX COLLECTING UNIT'S POSSESSION, AMEND THE TAX ROLL TO  
12 REFLECT THE REMOVAL OF THE EXEMPTION, AND THE LOCAL TREASURER SHALL  
13 WITHIN 30 DAYS OF THE DATE OF THE DISCOVERY ISSUE A CORRECTED TAX  
14 BILL FOR ANY ADDITIONAL TAXES WITH INTEREST AT THE RATE OF 1% PER  
15 MONTH OR FRACTION OF A MONTH AND PENALTIES COMPUTED FROM THE DATE  
16 THE TAXES WERE LAST PAYABLE WITHOUT INTEREST OR PENALTY. IF THE TAX  
17 ROLL IS IN THE COUNTY TREASURER'S POSSESSION, THE TAX ROLL SHALL BE  
18 AMENDED TO REFLECT THE REMOVAL OF THE EXEMPTION AND THE COUNTY  
19 TREASURER SHALL WITHIN 30 DAYS OF THE DATE OF THE REMOVAL PREPARE  
20 AND SUBMIT A SUPPLEMENTAL TAX BILL FOR ANY ADDITIONAL TAXES,  
21 TOGETHER WITH INTEREST AT THE RATE OF 1% PER MONTH OR FRACTION OF A  
22 MONTH AND PENALTIES COMPUTED FROM THE DATE THE TAXES WERE LAST  
23 PAYABLE WITHOUT INTEREST OR PENALTY. INTEREST ON ANY TAX SET FORTH  
24 IN A CORRECTED OR SUPPLEMENTAL TAX BILL AGAIN BEGINS TO ACCRUE 60  
25 DAYS AFTER THE DATE THE CORRECTED OR SUPPLEMENTAL TAX BILL IS  
26 ISSUED AT THE RATE OF 1% PER MONTH OR FRACTION OF A MONTH. TAXES  
27 LEVIED IN A CORRECTED OR SUPPLEMENTAL TAX BILL SHALL BE RETURNED AS

1 DELINQUENT ON THE MARCH 1 IN THE YEAR IMMEDIATELY SUCCEEDING THE  
2 YEAR IN WHICH THE CORRECTED OR SUPPLEMENTAL TAX BILL IS ISSUED.

3 (6) ~~(5)~~—If the assessor of the local tax collecting unit  
4 believes that personal property for which an ~~affidavit~~ **A STATEMENT**  
5 claiming an exemption is **TIMELY AND PROPERLY** filed under subsection  
6 (2) is not eligible personal property, the assessor may deny that  
7 claim for exemption by notifying the person that filed the  
8 ~~affidavit~~ **STATEMENT** in writing of the reason for the denial and  
9 advising the person that the denial may be appealed to the board of  
10 review under section 30 ~~or 53b~~ during that tax year. ~~The assessor~~  
11 ~~may deny a claim for exemption for the current year and for the 3~~  
12 ~~immediately preceding calendar years. If the assessor denies a~~  
13 ~~claim for exemption, the assessor shall remove the exemption of~~  
14 ~~that personal property and, if the tax roll is in the local tax~~  
15 ~~collecting unit's possession, amend the tax roll to reflect the~~  
16 ~~denial and the local treasurer shall within 30 days of the date of~~  
17 ~~the denial issue a corrected tax bill for any additional taxes with~~  
18 ~~interest at the rate of 1% per month or fraction of a month and~~  
19 ~~penalties computed from the date the taxes were last payable~~  
20 ~~without interest or penalty. If the tax roll is in the county~~  
21 ~~treasurer's possession, the tax roll shall be amended to reflect~~  
22 ~~the denial and the county treasurer shall within 30 days of the~~  
23 ~~date of the denial prepare and submit a supplemental tax bill for~~  
24 ~~any additional taxes, together with interest at the rate of 1% per~~  
25 ~~month or fraction of a month and penalties computed from the date~~  
26 ~~the taxes were last payable without interest or penalty. Interest~~  
27 ~~on any tax set forth in a corrected or supplemental tax bill shall~~

1 ~~again begin to accrue 60 days after the date the corrected or~~  
2 ~~supplemental tax bill is issued at the rate of 1% per month or~~  
3 ~~fraction of a month. Taxes levied in a corrected or supplemental~~  
4 ~~tax bill shall be returned as delinquent on the March 1 in the year~~  
5 ~~immediately succeeding the year in which the corrected or~~  
6 ~~supplemental tax bill is issued.~~

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

10 ~~—— (7) For 2014 only, if an owner of eligible personal property~~  
11 ~~did not timely file an affidavit to claim the exemption under this~~  
12 ~~section, that owner may file an appeal with the March 2014 board of~~  
13 ~~review to claim the exemption.~~

14 (8) As used in this section:

15 (a) "Commercial personal property" means personal property  
16 that is classified as commercial personal property under section  
17 34c or would be classified as commercial personal property under  
18 section 34c if not exempt from the collection of taxes under this  
19 act under this section or section 9m or 9n.

20 (b) "Control", "controlled by", and "under common control  
21 with" mean the possession of the power to direct or cause the  
22 direction of the management and policies of a related entity,  
23 directly or indirectly, whether derived from a management position,  
24 official office, or corporate office held by an individual; by an  
25 ownership interest, beneficial interest, or equitable interest; or  
26 by contractual agreement or other similar arrangement. There is a  
27 rebuttable presumption that control exists if any person, directly

1 or indirectly, owns, controls, or holds the power to vote, directly  
2 or by proxy, 10% or more of the ownership interest of any other  
3 person or has contributed more than 10% of the capital of the other  
4 person. Indirect ownership includes ownership through attribution  
5 or through 1 or more intermediary entities.

6 (c) "Eligible personal property" means property that meets all  
7 of the following conditions:

8 (i) Is industrial personal property or commercial personal  
9 property.

10 (ii) The combined true cash value of all industrial personal  
11 property and commercial personal property in that local tax  
12 collecting unit owned by, leased to, or in the possession of the  
13 person claiming an exemption under this section or a related entity  
14 on December 31 of the immediately preceding year is less than  
15 \$80,000.00.

16 (iii) Is not leased to or used by a person that previously  
17 owned the property or a person that, directly or indirectly,  
18 controls, is controlled by, or is under common control with the  
19 person that previously owned the property.

20 (d) "Industrial personal property" means personal property  
21 that is classified as industrial personal property under section  
22 34c or would be classified as industrial personal property under  
23 section 34c if not exempt from the collection of taxes under this  
24 act under this section or section 9m or 9n.

25 (e) "Person" means an individual, partnership, corporation,  
26 association, limited liability company, or any other legal entity.

27 (f) "Related entity" means a person that, directly or

- 1 indirectly, controls, is controlled by, or is under common control
- 2 with the person claiming an exemption under this section.