

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.9 Personal property exempt from taxation; real property; definitions.

Sec. 9. (1) The following personal property, and real property described in subdivision (j)(i), is exempt from taxation:

(a) The personal property of charitable, educational, and scientific institutions incorporated under the laws of this state. This exemption does not apply to secret or fraternal societies, but the personal property of all charitable homes of secret or fraternal societies and nonprofit corporations that own and operate facilities for the aged and chronically ill in which the net income from the operation of the nonprofit corporations or secret or fraternal societies does not inure to the benefit of a person other than the residents is exempt.

(b) The property of all library associations, circulating libraries, libraries of reference, and reading rooms owned or supported by the public and not used for gain.

(c) The property of posts of the grand army of the republic, sons of veterans' unions, and of the women's relief corps connected with them, of young men's Christian associations, women's Christian temperance union associations, young people's Christian unions, a boy or girl scout or camp fire girls organization, 4-H clubs, and other similar associations.

(d) Pensions receivable from the United States.

(e) The property of Indians who are not citizens.

(f) The personal property owned and used by a householder such as customary furniture, fixtures, provisions, fuel, and other similar equipment, wearing apparel including personal jewelry, family pictures, school books, library books of reference, and allied items. Personal property is not exempt under this subdivision if it is used to produce income, if it is held for speculative investment, or if it constitutes an inventory of goods for sale in the regular course of trade.

(g) Household furnishings, provisions, and fuel of not more than \$5,000.00 in taxable value, of each social or professional fraternity, sorority, and student cooperative house recognized by the educational institution at which it is located.

(h) The working tools of a mechanic of not more than \$500.00 in taxable value. "Mechanic", as used in this subdivision, means a person skilled in a trade pertaining to a craft or in the construction or repair of machinery if the person's employment by others requires the person to furnish the tools.

(i) Fire engines and other implements used in extinguishing fires owned or used by an organized or independent fire company.

(j) Property actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, "agricultural operations" means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, or poultry, turf and tree farming, raising and harvesting of fish, collecting, evaporating, and preparing maple syrup if the owner of the property has \$25,000.00 or less in annual gross wholesale sales, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations, but excluding retail sales and food processing operations. Property used in agricultural operations includes all of the following:

(i) A methane digester and a methane digester electric generating system if the person claiming the exemption complies with all of the following:

(A) After the construction of the methane digester or the methane digester electric generating system is completed, the person claiming the exemption submits to the local tax collecting unit an application for the exemption and a copy of certification from the department of agriculture and rural development that it has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program in the year immediately preceding the year in which the affidavit is submitted. Three years after an application for exemption is approved and every 3 years thereafter, the person claiming the exemption shall submit to the local tax collecting unit an affidavit attesting that the department of agriculture and rural development has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program. The application for the exemption under this subparagraph must be in a form prescribed by the department of treasury and must be provided to the person claiming the exemption by the local tax collecting unit.

(B) When the application is submitted to the local tax collecting unit, the person claiming the exemption also submits certification provided by the department of environment, Great Lakes, and energy that the person is not currently being investigated for a violation of part 31 of the natural resources and environmental

protection act, 1994 PA 451, MCL 324.3101 to 324.3134, that within a 3-year period immediately preceding the date the application is submitted to the local tax collecting unit, the person has not been found guilty of a criminal violation under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3134, and that within a 1-year period immediately preceding the date the application is submitted to the local tax collecting unit, the person has not been found responsible for a civil violation that resulted in a civil fine of \$10,000.00 or more under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3134.

(C) The person claiming an exemption cooperates by allowing access for not more than 2 universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste. Information collected under this sub-subparagraph must not be provided to the public in a manner that would identify the owner of the methane digester or the methane digester electric generating system or the farm operation on which the methane digester or the methane digester electric generating system is located. The identity of the owner of the methane digester or the methane digester electric generating system and the identity of the owner and location of the farm operation on which the methane digester or the methane digester electric generating system is located are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this sub-subparagraph, "university" means a public 4-year institution of higher education created under article VIII of the state constitution of 1963.

(D) The person claiming the exemption ensures that the methane digester and methane digester electric generating system are operated under the specific supervision and control of persons certified by the department of agriculture and rural development as properly qualified to operate the methane digester, methane digester electric generating system, and related waste treatment and control facilities. The department of agriculture and rural development shall consult with the department of environment, Great Lakes, and energy and the Michigan State University Cooperative Extension Service in developing the operator certification program.

(ii) A biomass gasification system. As used in this subparagraph, "biomass gasification system" means apparatus and equipment that thermally decomposes agricultural, food, or animal waste at high temperatures and in an oxygen-free or a controlled oxygen-restricted environment into a gaseous fuel and the equipment used to generate electricity or heat from the gaseous fuel or store the gaseous fuel for future generation of electricity or heat.

(iii) A thermal depolymerization system. As used in this subparagraph, "thermal depolymerization system" means apparatus and equipment that use heat to break down natural and synthetic polymers and that can accept only organic waste.

(iv) Machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass. As used in this subparagraph, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

(v) Machinery used to prepare the crop for market operated incidental to a farming operation that does not substantially alter the form, shape, or substance of the crop and is limited to cleaning, cooling, washing, pitting, grading, sizing, sorting, drying, bagging, boxing, crating, and handling if not less than 33% of the volume of the crops processed in the year ending on the applicable tax day or in at least 3 of the immediately preceding 5 years were grown by the farmer in this state that owns or uses the crop processing machinery.

(vi) Machinery used to install land tile on property exempt under section 7ee as qualified agricultural property. If machinery is used to install land tile on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install land tile on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "land tile" means fired clay or perforated plastic tubing used as part of a subsurface drainage system for land.

(vii) Machinery used to install or implement soil and water conservation techniques on property exempt under section 7ee as qualified agricultural property. If machinery is used to install or implement soil and water conservation techniques on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install or implement soil and water conservation techniques on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "soil and water conservation techniques" means techniques for the conservation of soil and water described in the field office technical guide published by the Natural Resources Conservation Service of the United States Department of Agriculture.

(k) Personal property of not more than \$500.00 in taxable value used by a householder in the operation of a business in the householder's dwelling or at 1 other location in the city, township, or village in which the

householder resides.

(l) The products, materials, or goods processed or otherwise and in whatever form, but expressly excepting alcoholic beverages, located in a public warehouse, United States Customs port of entry bonded warehouse, dock, or port facility on December 31 of each year, if those products, materials, or goods are designated as in transit to destinations outside this state pursuant to the published tariffs of a railroad or common carrier by filing the freight bill covering the products, materials, or goods with the agency designated by the tariffs, entitling the shipper to transportation rate privileges. Products in a United States Customs port of entry bonded warehouse that arrived from another state or a foreign country, whether awaiting shipment to another state or to a final destination within this state, are considered to be in transit and temporarily at rest, and not subject to the collection of taxes under this act. To obtain an exemption for products, materials, or goods under this subdivision, the owner shall file a sworn statement with, and in the form required by, the assessing officer of the tax district in which the warehouse, dock, or port facility is located, at a time between the tax day, December 31, and before the assessing officer closes the assessment rolls describing the products, materials, or goods, and reporting their cost and value as of December 31 of each year. The status of persons and products, materials, or goods for which an exemption is requested is determined as of December 31, which is the tax day. Any property located in a public warehouse, dock, or port facility on December 31 of each year that is exempt from taxation under this subdivision but that is not shipped outside this state pursuant to the particular tariff under which the transportation rate privilege was established must be assessed upon the immediately succeeding or a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission unless the owner or person entitled to possession of the products, materials, or goods is a resident of, or authorized to do business in, this state and files with the assessing officer, with whom statements of taxable property are required to be filed, a statement under oath that the products, materials, or goods are not for sale or use in this state and will be shipped to a point or points outside this state. If a person, firm, or corporation claims exemption by filing a sworn statement, the person, firm, or corporation shall append to the statement of taxable property required to be filed in the immediately succeeding year or, if a statement of taxable property is not filed for the immediately succeeding year, to a sworn statement filed on a form required by the assessing officer, a complete list of the property for which the exemption was claimed with a statement of the manner of shipment and of the point or points to which the products, materials, or goods were shipped from the public warehouse, dock, or port facility. The assessing officer shall assess the products, materials, or goods not shipped to a point or points outside this state upon the immediately succeeding assessment roll or on a subsequent assessment roll and the products, materials, or goods must be taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of tangible personal property must be open to and available for inspection, examination, or auditing by assessing officers. A warehouse, dock, port facility, individual, partnership, corporation, owner, or person in possession of tangible personal property shall report within 90 days after shipment of products, materials, or goods in transit, for which an exemption under this section was claimed or granted, the destination of shipments or parts of shipments and the cost value of those shipments or parts of shipments to the assessing officer. A warehouse, dock, port facility, individual, partnership, corporation, or owner is subject to a fine of \$100.00 for each failure to report the destination and cost value of shipments or parts of shipments as required in this subdivision. A person, firm, individual, partnership, corporation, or owner failing to report products, materials, or goods located in a warehouse, dock, or port facility to the assessing officer is subject to a fine of \$100.00 and a penalty of 50% of the final amount of taxes found to be assessable for the year on property not reported, the assessable taxes and penalty to be spread on a subsequent assessment roll in the same manner as general taxes on personal property. For the purpose of this subdivision, a public warehouse, dock, or port facility means a warehouse, dock, or port facility owned or operated by a person, firm, or corporation engaged in the business of storing products, materials, or goods for hire for profit that issues a schedule of rates for storage of the products, materials, or goods and that issues warehouse receipts under 1909 PA 303, MCL 443.50 to 443.55. A United States Customs port of entry bonded warehouse means a customs warehouse within a classification designated by 19 CFR 19.1 and that is located in a port of entry, as defined by 19 CFR 101.1. A portion of a public warehouse, United States Customs port of entry bonded warehouse, dock, or port facility leased to a tenant or a portion of any premises owned or leased or operated by a consignor or consignee or an affiliate or subsidiary of the consignor or consignee is not a public warehouse, dock, or port facility.

(m) Personal property owned by a bank or trust company organized under the laws of this state, a national banking association, or an incorporated bank holding company as defined in section 1841 of the bank holding

company act of 1956, 12 USC 1841, that controls a bank, national banking association, trust company, or industrial bank subsidiary located in this state. Buildings owned by a state or national bank, trust company, or incorporated bank holding company and situated upon real property that the state or national bank, trust company, or incorporated bank holding company is not the owner of the fee are considered real property and are not exempt under this section. Personal property owned by a state or national bank, trust company, or incorporated bank holding company that is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit is not exempt under this section.

(n) Farm products, processed or otherwise, the ultimate use of which is for human or animal consumption as food, except wine, beer, and other alcoholic beverages regularly placed in storage in a public warehouse, dock, or port facility while in storage are considered in transit and only temporarily at rest and are not subject to the collection of taxes under this act. The assessing officer is the determining authority as to what constitutes, is defined as, or classified as, farm products as used in this subdivision. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of farm products must be open to and available for inspection, examination, or auditing by assessing officers.

(o) Sugar, in solid or liquid form, produced from sugar beets, dried beet pulp, and beet molasses if owned or held by processors.

(p) The personal property of a parent cooperative preschool. As used in this subdivision and section 7z, "parent cooperative preschool" means a nonprofit, nondiscriminatory educational institution maintained as a community service and administered by parents of children currently enrolled in the preschool, that provides an educational and developmental program for children younger than compulsory school age, that provides an educational program for parents, including active participation with children in preschool activities, that is directed by qualified preschool personnel, and that is licensed under 1973 PA 116, MCL 722.111 to 722.128.

(q) All equipment used exclusively in wood harvesting, but not including portable or stationary sawmills or other equipment used in secondary processing operations. As used in this subdivision, "wood harvesting" means clearing land for forest management purposes, planting trees, all forms of cutting or chipping trees, and loading trees on trucks for removal from the harvest area.

(r) Liquefied petroleum gas tanks located on residential or agricultural property used to store liquefied petroleum gas for residential or agricultural property use.

(s) Water conditioning systems used for a residential dwelling.

(t) For taxes levied after December 31, 2000, aircraft excepted from the registration provisions of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and all other aircraft operating under the provisions of a certificate issued under 14 CFR part 121, and all spare parts for such aircraft.

(u) A facility for which a solar energy facility exemption certificate has been issued under the solar energy facilities taxation act, but not the land on which the facility is or will be located, for the period beginning on the effective date of the solar energy facility exemption certificate and continuing as long as the certificate is in force.

(2) As used in this section:

(a) "Biogas" means a mixture of gases composed primarily of methane and carbon dioxide.

(b) "Methane digester" means a system designed to facilitate the production, recovery, and storage of biogas from the anaerobic microbial digestion of animal or food waste.

(c) "Methane digester electric generating system" means a methane digester and the apparatus and equipment used to generate electricity or heat from biogas or to store biogas for the future generation of electricity or heat.

History: 1893, Act 206, Eff. June 12, 1893;—Am. 1895, Act 25, Imd. Eff. Mar. 20, 1895;—CL 1897, 3832;—Am. 1909, Act 309, Eff. Sept. 1, 1909;—CL 1915, 4003;—Am. 1921, Act 297, Eff. Aug. 18, 1921;—CL 1929, 3397;—Am. 1931, Act 94, Imd. Eff. May 11, 1931;—Am. 1934, 1st Ex. Sess., Act 10, Imd. Eff. Mar. 19, 1934;—Am. 1935, Act 83, Eff. Sept. 21, 1935;—Am. 1939, Act 232, Eff. Sept. 29, 1939;—CL 1948, 21.9;—Am. 1949, Act 261, Imd. Eff. June 7, 1949;—Am. 1952, Act 213, Imd. Eff. Apr. 30, 1952;—Am. 1953, Act 159, Eff. Oct. 2, 1953;—Am. 1956, Act 206, Eff. Aug. 11, 1956;—Am. 1958, Act 209, Eff. Sept. 13, 1958;—Am. 1964, Act 275, Eff. Aug. 28, 1964;—Am. 1966, Act 205, Imd. Eff. July 11, 1966;—Am. 1967, Act 259, Imd. Eff. July 19, 1967;—Am. 1968, Act 347, Eff. Nov. 15, 1968;—Am. 1969, Act 169, Imd. Eff. Aug. 5, 1969;—Am. 1971, Act 189, Imd. Eff. Dec. 20, 1971;—Am. 1974, Act 83, Imd. Eff. Apr. 17, 1974;—Am. 1976, Act 270, Imd. Eff. Oct. 6, 1976;—Am. 1978, Act 54, Imd. Eff. Mar. 10, 1978;—Am. 1984, Act 206, Imd. Eff. July 9, 1984;—Am. 1990, Act 317, Eff. Mar. 28, 1991;—Am. 1993, Act 273, Imd. Eff. Dec. 28, 1993;—Am. 1996, Act 582, Imd. Eff. Jan. 17, 1997;—Am. 2003, Act 140, Eff. Jan. 1, 2004;—Am. 2006, Act 550, Imd. Eff. Dec. 29, 2006;—Am. 2008, Act 334, Imd. Eff. Dec. 23, 2008;—Am. 2008, Act 337, Imd. Eff. Dec. 23, 2008;—Am. 2011, Act 289, Imd. Eff. Dec. 21, 2011;—Am. 2011, Act 290, Imd. Eff. Dec. 21, 2011;—Am. 2023, Act 109, Imd. Eff. July 27, 2023.

Compiler's note: Enacting section 2 of Act 140 of 2003 provides:

"Enacting section 2. Section 9 (t) of the general property tax act, 1893 PA 206, MCL 211.9, as added by this amendatory act is retroactive and is effective for taxes levied after December 31, 2000."

For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

Popular name: Act 206