

HOUSE BILL No. 4276

February 22, 1989, Introduced by Reps. Weeks, Scott, Bartnik, Wallace, DeMars, Rocca, Dutko, Clack, Hart, Webb, Joe Young, Jr., Ouwinga, Ostling, Gilmer, Wartner, Hoffman, Law, Keith, Trim, Sparks, Willis Bullard, Randall and Camp and referred to the Committee on Taxation.

A bill to amend section 9 of Act No. 206 of the Public Acts of 1893, entitled as amended

"The general property tax act,"

as amended by Act No. 206 of the Public Acts of 1984, being section 211.9 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 9 of Act No. 206 of the Public Acts of
2 1893, as amended by Act No. 206 of the Public Acts of 1984, being
3 section 211.9 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 9. The following personal property ~~shall be~~ IS
6 exempt from taxation:

7 (a) The personal property of charitable, educational, and
8 scientific institutions incorporated under the laws of this
9 state. ~~The exemptions shall~~ THIS EXEMPTION DOES not apply to

1 secret or fraternal societies, but the personal property of all
2 charitable homes of the societies and nonprofit corporations
3 ~~which~~ THAT own and operate facilities for the aged and chroni-
4 cally ill ~~—~~ in which the net income from the operation of the
5 corporations does not inure to the benefit of a person other than
6 the residents ~~shall be~~ IS exempt.

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

10 (c) The property of posts of the grand army of the republic,
11 sons of veterans' unions, and of the women's relief corps con-
12 nected therewith, of young men's Christian associations, women's
13 Christian temperance union associations, young people's Christian
14 unions, a boy or girl scout or camp fire girls organization, 4-H
15 clubs, and other similar associations.

16 (d) Pensions receivable from the United States.

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

18 (f) The personal property owned and used by a householder
19 such as customary furniture, fixtures, provisions, fuel, and
20 other similar equipment, and the wearing apparel including per-
21 sonal jewelry, family pictures, school books, library books of
22 reference, and allied items. Personal property ~~shall~~ IS not
23 ~~be~~ exempt under this subdivision ~~when~~ IF it is used to
24 produce income, ~~when~~ IF it is held for speculative investment,
25 or ~~when~~ IF it constitutes an inventory of goods for sale in the
26 regular course of trade.

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

6 (h) The working tools of a mechanic to the state equalized
7 value of not more than \$500.00. "Mechanic", as used in this sub-
8 division, means a person skilled in a trade pertaining to a craft
9 or in the construction or repair of machinery if the person's
10 employment by others is dependent on his or her furnishing the
11 tools.

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

14 (j) Property actually being used in agricultural operations
15 and the farm implements held for sale or resale by retail servic-
16 ing dealers for use in agricultural production. As used in this
17 subdivision, "agricultural operations" means farming in all its
18 branches, including cultivation of the soil, growing and harvest-
19 ing of an agricultural, horticultural, or floricultural commodi-
20 ty, dairying, raising of livestock, bees, fur-bearing animals, or
21 poultry, turf and tree farming, raising and harvesting of fish,
22 and any practices performed by a farmer or on a farm as an inci-
23 dent to, or in conjunction with, farming operations, but exclud-
24 ing retail sales operations.

25 (k) Personal property to the state equalized value of not
26 more than \$500.00 used by a householder in the operation of a

1 business in the householder's dwelling or at 1 other location in
2 the city, township, or village where the householder resides.

3 (l) The products, materials, or goods processed or otherwise
4 and in whatever form, but expressly excepting alcoholic bever-
5 ages, located in a public warehouse, United States customs port
6 of entry bonded warehouse, dock, or port facility on December 31
7 of each year, if those products, materials, or goods are desig-
8 nated as in transit to destinations out of state pursuant to the
9 published tariffs of a railroad or common carrier by the filing
10 of the freight bill covering the products, materials, or goods
11 with the agency designated by the tariffs, so as to entitle the
12 shipper to transportation rate privileges. Products in a United
13 States customs port of entry bonded warehouse ~~which~~ THAT
14 arrived from another state or a foreign country, whether awaiting
15 shipment to another state or to a final destination within this
16 state, shall be considered to be in transit ~~—~~ and temporarily
17 at rest, and not subject to personal property taxation. To
18 obtain exemption, the owner shall file a sworn statement with,
19 and in the form required by, the assessing officer of the tax
20 district in which the warehouse, dock, or port facility is
21 located, at a time between the tax day, December 31, and before
22 closing of the assessment rolls by the assessing officer,
23 describing the products, materials, or goods, and reporting their
24 cost and value as of December 31 of each year. The status of
25 persons, and products, materials, or goods for which exemption is
26 requested shall be determined as of December 31, which shall be
27 the tax day. The assessment on the basis of average monthly

1 inventory shall not apply in valuing products, materials, or
2 goods for which exemption is requested. Any property located in
3 a public warehouse, dock, or port facility on December 31 of each
4 year, which is exempt from taxation under this subdivision but
5 which is not shipped outside the state pursuant to the particular
6 tariff under which the transportation rate privilege was estab-
7 lished, shall be assessed upon the next succeeding or a subse-
8 quent assessment roll by the assessing officer and taxed at the
9 same rate of taxation as other taxable properties for the year or
10 years for which the property was exempted, to the owner at the
11 time of the omission, ~~— or if~~ UNLESS the owner or person enti-
12 tled to possession of the products, materials, or goods is a res-
13 ident of, or authorized to do business in, this state and files
14 with the assessing officer, with whom statements of taxable prop-
15 erty are required to be filed, a statement under oath that the
16 products, materials, or goods are not for sale or use in ~~—~~ THIS
17 STATE and will be shipped to a point or points outside this
18 state. If a person, firm, or corporation claims exemption by the
19 filing of a sworn statement, the person, firm, or corporation
20 shall append to the statement of taxable property required to be
21 filed in the next year ~~—~~ or, if a statement of taxable property
22 is not filed for the next year, a sworn statement on a form
23 required by the assessing officer shall be filed showing a com-
24 plete list of the property for which the exemption was claimed
25 with a statement of the manner of shipment and of the point or
26 points to which the products, materials, or goods were shipped
27 from the public warehouse, dock, or port facility and the

1 products, materials, or goods not shipped to a point or points
2 outside this state shall be assessed upon the next succeeding
3 assessment roll, or on a subsequent assessment roll by the
4 assessing officer and taxed at the same rate of taxation as other
5 taxable properties for the year or years for which the property
6 was exempted, to the owner at the time of the omission. The
7 records, accounts, and books of warehouses, docks, or port facil-
8 ities, individual, partnerships, corporations, owners, or those
9 in possession of tangible personal property shall be open to and
10 available for inspection, examination, or auditing by assessing
11 officers. A warehouse, dock, or port facility, individual, part-
12 nership, corporation, owner, or person in possession of tangible
13 personal property, shall report within 90 days after shipment of
14 products, materials, or goods in transit, for which exemption
15 under this section was claimed or granted, the destination of
16 shipments or parts of shipments and the cost value thereof to the
17 assessing officer. In case of failure to comply with this
18 requirement, the warehouse, dock, or port facility, individual,
19 partnership, corporation, or owner ~~shall be~~ IS subject to a
20 fine of \$100.00 for each omission. A person, firm, individual,
21 partnership, corporation, or owner failing to report products,
22 materials, or goods located in a warehouse, dock, or port facil-
23 ity to the assessing officer ~~shall be~~ IS subject to a fine of
24 \$100.00 and a penalty of 50% of the final amount of taxes found
25 to be assessable for the year on property not reported, the
26 assessable taxes and penalty to be spread on a subsequent
27 assessment roll in the same manner as general taxes on personal

1 property. For the purpose of this subdivision, a public
 2 warehouse, dock, or port facility means a warehouse, dock, or
 3 port facility owned or operated by a person, firm, or corporation
 4 engaged in the business of storing products, materials, or goods
 5 for hire for profit who issues a schedule of rates for storage of
 6 the products, materials, or goods and who issues warehouse
 7 receipts pursuant to Act No. 303 of the Public Acts of 1909, as
 8 amended, being sections 443.50 to 443.55 of the Michigan Compiled
 9 Laws. A United States customs port of entry bonded warehouse
 10 means a warehouse within a classification designated by 19
 11 C.F.R. 19.1 and which is located in a port of entry, as defined
 12 by 19 C.F.R. ~~101.1(d)~~ 101.1(m). A portion of a public ware-
 13 house, United States customs port of entry bonded warehouse,
 14 dock, or port facility leased to a tenant or a portion of any
 15 premises owned or leased or operated by a consignor or consignee
 16 or an affiliate or subsidiary of the consignor or consignee shall
 17 not be considered a public warehouse, dock, or port facility.

18 (m) Personal property owned by a bank or trust company orga-
 19 nized under the laws of this state, national banking association,
 20 or incorporated bank holding company as defined in section 2 of
 21 the bank holding company act of 1956, 12 U.S.C. 1841, ~~which~~
 22 THAT controls a bank, national banking association, trust com-
 23 pany, or industrial bank subsidiary located in this state. ~~→~~
 24 ~~except that~~ HOWEVER, buildings owned by a state or national
 25 bank, trust company, or incorporated bank holding company and
 26 situated upon lands of which the state or national bank, trust
 27 company, or incorporated bank holding company is not the owner of

1 the fee ~~shall be~~ ARE considered real property and ~~shall~~ ARE
2 not ~~be~~ exempt from taxation and ~~except that~~ personal property
3 owned by a state or national bank, trust company, or incorporated
4 bank holding company ~~which~~ THAT is leased, loaned, or otherwise
5 made available to and used by a private individual, association,
6 or corporation in connection with a business conducted for profit
7 ~~shall~~ IS not ~~be~~ exempt from taxation.

8 (n) Farm products processed or otherwise, the ultimate use
9 of which is for human or animal consumption as food, except
10 ~~that~~ wine, beer, and other alcoholic beverages regularly placed
11 in storage in a public warehouse, dock, or port facility, while
12 in storage ~~, shall be~~ ARE considered in transit and only tempo-
13 rarily at rest, and ARE not subject to personal property
14 taxation. The assessing officer ~~shall be~~ IS the determining
15 authority as to what constitutes, is defined as, or classified
16 as, farm products as used in this subdivision. The records,
17 accounts, and books of warehouses, docks, or port facilities,
18 individuals, partnerships, corporations, owners, or those in pos-
19 session of farm products shall be open to and available for
20 inspection, examination, or auditing by assessing officers.

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

24 (p) The personal property of a parent cooperative
25 preschool. As used in this subdivision and section 7, "parent
26 cooperative preschool" means a nonprofit, nondiscriminatory
27 educational institution maintained as a community service and

1 administered by parents of children currently enrolled in the
2 preschool, ~~which~~ THAT provides an educational and developmental
3 program for children younger than compulsory school age, ~~which~~
4 THAT provides an educational program for parents, including
5 active participation with children in preschool activities,
6 ~~which~~ THAT is directed by qualified preschool personnel, and
7 ~~which~~ THAT is licensed by the department of social services
8 under Act No. 116 of the Public Acts of 1973, as amended, being
9 sections 722.111 to 722.128 of the Michigan Compiled Laws.

10 (q) All equipment used exclusively in wood harvesting, but
11 not including portable or stationary sawmills or other equipment
12 used in secondary processing operations. As used in this subdi-
13 vision, "wood harvesting" means the clearing of land for forest
14 management purposes, the planting of trees, and all forms of cut-
15 ting or chipping of trees and the loading of them on trucks for
16 removal from the harvest area.

17 (R) LIQUEFIED PETROLEUM GAS TANKS USED TO STORE LIQUEFIED
18 PETROLEUM GAS FOR RESIDENTIAL PROPERTY USE. AS USED IN THIS SUB-
19 DIVISION, "LIQUEFIED PETROLEUM GAS" MEANS THAT TERM AS DEFINED IN
20 SECTION 51 OF ACT NO. 150 OF THE PUBLIC ACTS OF 1927, BEING SEC-
21 TION 207.151 OF THE MICHIGAN COMPILED LAWS.

22 Section 2. This amendatory act shall take effect January 1,
23 1990.