

HOUSE BILL No. 4927

June 15, 1989, Introduced by Rep. Clack 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 cor-
5 porations 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~~ OF each social
3 or professional fraternity, sorority, and student cooperative
4 house 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 har-
19 vesting of an agricultural, horticultural, or floricultural com-
20 modity; ~~—~~ dairying; ~~—~~ raising of livestock, bees, fur-bearing
21 animals, or poultry; ~~—~~ turf and tree farming; ~~—~~ raising and
22 harvesting of fish; ~~—~~ and any practices performed by a farmer
23 or on a farm as an incident to, or in conjunction with, farming
24 operations, but excluding 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 (1) 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 at
17 rest, and not subject to personal property taxation. To obtain
18 exemption the owner shall file a sworn statement with, and in the
19 form required by, the assessing officer of the tax district in
20 which the warehouse, dock, or port facility is located ~~—~~ at a
21 time between the tax day, December 31, and before closing of the
22 assessment rolls by the assessing officer, describing the prod-
23 ucts, materials, or goods, and reporting their cost and value as
24 of December 31 of each year. The status of persons, and prod-
25 ucts, materials, or goods for which exemption is requested shall
26 be determined as of December 31, which shall be the tax day. The
27 assessment on the basis of average monthly inventory shall not

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

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

1 subdivision, a public warehouse, dock, or port facility means a
2 warehouse, dock, or port facility owned or operated by a person,
3 firm, or corporation engaged in the business of storing products,
4 materials, or goods for hire for profit who issues a schedule of
5 rates for storage of the products, materials, or goods and who
6 issues warehouse receipts pursuant to Act No. 303 of the Public
7 Acts of 1909, as amended, being sections 443.50 to 443.55 of the
8 Michigan Compiled Laws. A United States customs port of entry
9 bonded warehouse means a warehouse within a classification desig-
10 nated by 19 C.F.R. 19.1 and ~~which~~ THAT is located in a port of
11 entry, as defined by 19 C.F.R. ~~+0+.1(4)~~ 101.1(m). A portion of
12 a public warehouse, United States customs port of entry bonded
13 warehouse, dock, or port facility leased to a tenant or a portion
14 of any premises owned or leased or operated by a consignor or
15 consignee or an affiliate or subsidiary of the consignor or con-
16 signee shall not be considered a public warehouse, dock, or port
17 facility.

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

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

8 (M) ~~(n)~~ Farm products processed or otherwise, the ultimate
9 use 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 not subject to personal property taxation.
14 The assessing officer ~~shall be~~ IS the determining authority as
15 to what constitutes, is defined as, or classified as, farm prod-
16 ucts as used in this subdivision. The records, accounts, and
17 books of warehouses, docks, or port facilities, individuals,
18 partnerships, corporations, owners, or those in possession of
19 farm products shall be open to and available for inspection,
20 examination, or auditing by assessing officers.

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

24 (O) ~~(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 provides an educational and developmental pro-
3 gram for children younger than compulsory school age, which pro-
4 vides an educational program for parents, including active par-
5 ticipation with children in preschool activities, which is
6 directed by qualified preschool personnel, and which is licensed
7 by the department of social services under Act No. 116 of the
8 Public Acts of 1973, as amended, being sections 722.111 to
9 722.128 of the Michigan Compiled Laws.

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