

SENATE BILL No. 675

November 1, 1989, Introduced by Senators CARL, WELBORN, DINGELL and POLLACK and referred to the Committee on Criminal Justice and Urban Affairs.

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 exempt
6 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 not apply to secret or fraternal

1 societies, but the personal property of all charitable homes of
2 the societies and nonprofit corporations which own and operate
3 facilities for the aged and chronically ill, in which the net
4 income from the operation of the corporations does not inure to
5 the benefit of a person other than the residents, shall be
6 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 not be
23 exempt under this subdivision when it is used to produce income,
24 when it is held for speculative investment, or when it consti-
25 tutes an inventory of goods for sale in the regular course of
26 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 (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 arrived from
14 another state or a foreign country whether awaiting shipment to
15 another state or to a final destination within this state shall
16 be considered to be in transit, and temporarily at rest, and not
17 subject to personal property taxation. To obtain exemption the
18 owner shall file a sworn statement with, and in the form required
19 by, the assessing officer of the tax district in which the ware-
20 house, dock, or port facility is located, at a time between the
21 tax day, December 31, and before closing of the assessment rolls
22 by the assessing officer, describing the products, materials, or
23 goods, and reporting their cost and value as of December 31 of
24 each year. The status of persons, and products, materials, or
25 goods for which exemption is requested shall be determined as of
26 December 31, which shall be the tax day. The assessment on the
27 basis of average monthly inventory shall not apply in valuing.

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

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

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

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

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

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

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

23 (p) The personal property of a parent cooperative
24 preschool. As used in this subdivision and section 7, "parent
25 cooperative preschool" means a nonprofit, nondiscriminatory edu-
26 cational institution maintained as a community service and
27 administered by parents of children currently enrolled in the

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

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

16 Section 2. This amendatory act shall not take effect unless
17 Senate Bill No. 109 of the 85th Legislature is enacted into law.

18 Section 3. This amendatory act shall take effect October 1,
19 1990.