

HOUSE BILL NO. 5503

November 02, 2021, Introduced by Reps. Farrington, Tisdell, Calley, Ellison, Cavanagh and Hall and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 9n (MCL 211.9n), as amended by 2017 PA 261.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9n. (1) Beginning December 31, 2015 and each year
2 thereafter, qualified previously existing personal property for
3 which an exemption has been properly claimed under subsection (2)
4 is exempt from the collection of taxes under this act.

5 (2) A person shall claim the exemption under this section and
6 section 9m by filing ~~each year~~ a combined document that includes:

1 the form to claim the exemption under this section and section 9m,
 2 a report of the fair market value and year of acquisition by the
 3 first owner of qualified previously existing personal property, and
 4 for any year before 2023, a statement under section 19. All of the
 5 following apply to a claim of the exemption under this section:

6 (a) The combined document ~~shall~~**must** be in a form and manner
 7 prescribed by the department of treasury.

8 (b) Leasing companies are not eligible to receive the
 9 exemption under this section and may not use the combined document
 10 prescribed in this section. With respect to personal property that
 11 is the subject of a lease agreement, regardless of whether the
 12 agreement constitutes a lease for financial or tax purposes, all of
 13 the following apply:

14 (i) If the personal property is eligible manufacturing personal
 15 property, the lessee and lessor may elect that the lessee report
 16 the leased personal property on the combined document.

17 (ii) An election made by the lessee and the lessor under this
 18 subdivision ~~shall~~**must** be made in a form and manner approved by the
 19 department.

20 (iii) Absent an election, the personal property ~~shall~~**must** be
 21 reported by the lessor on the personal property statement unless
 22 the exemption for eligible manufacturing personal property is
 23 claimed by the lessee on the combined document.

24 (c) The combined document prescribed in this section ~~, shall~~
 25 **must** be completed and delivered to the assessor of the township or
 26 city in which the qualified previously existing personal property
 27 is located by February 20 of each year **for any year the exemption**
 28 **is claimed before 2023 and the first year the exemption is claimed**
 29 **in a year after 2022.** However, if February 20 of a year is a

1 Saturday, Sunday, or legal holiday, the delivery deadline for that
 2 year is the next day that is not a Saturday, Sunday, or legal
 3 holiday. For purposes of a combined document delivered by the
 4 United States Postal Service, the delivery is timely if the
 5 postmark date is on or before the delivery deadline prescribed in
 6 this subdivision. If the combined document prescribed in this
 7 section is not timely delivered to the assessor of the township or
 8 city, a late application may be filed directly with the March board
 9 of review before its final adjournment by submitting the combined
 10 document prescribed in this section. The board of review shall not
 11 accept a filing after adjournment of its March meeting. An appeal
 12 of a denial by the March board of review may be made by filing a
 13 petition with the Michigan tax tribunal within 35 days of the
 14 denial notice.

15 (d) The assessor shall transmit to the department of treasury
 16 the information contained in the combined document filed under this
 17 section, and other parcel information required by the department of
 18 treasury and in the manner prescribed by the department of treasury
 19 no later than April 1.

20 (e) **Beginning in 2023, an exemption granted under this section**
 21 **remains in effect until the personal property is no longer**
 22 **qualified previously existing personal property.** A person claiming
 23 an exemption under this section shall rescind the claim of
 24 exemption by ~~December 31~~ **February 20, or if February 20 of a year**
 25 **is a Saturday, Sunday, or legal holiday, the next day that is not a**
 26 **Saturday, Sunday, or legal holiday,** of the year in which exempted
 27 property is no longer eligible for the exemption by filing with the
 28 assessor of the township or city a rescission ~~affidavit in a form~~
 29 prescribed by the department of treasury **and the statement required**

1 under section 19. Upon receipt of a timely filed rescission form,
2 the local assessor shall immediately remove the exemption. An owner
3 that fails to file a rescission for property later determined to be
4 ineligible for the exemption will be subject to repayment of any
5 additional taxes with interest as described in this subdivision.
6 Upon discovery that the property is no longer eligible
7 manufacturing personal property, the assessor shall remove the
8 exemption of that personal property and, if the tax roll is in the
9 local tax collecting unit's possession, amend the tax roll to
10 reflect the removal of the exemption, and the local treasurer shall
11 within 30 days of the date of the discovery issue a corrected tax
12 bill for any additional taxes with interest at the rate of 1% per
13 month or fraction of a month and penalties computed from the date
14 the taxes were last payable without interest or penalty. If the tax
15 roll is in the county treasurer's possession, the tax roll must be
16 amended to reflect the removal of the exemption and the county
17 treasurer shall within 30 days of the date of the removal prepare
18 and submit a supplemental tax bill for any additional taxes,
19 together with interest at the rate of 1% per month or fraction of a
20 month and penalties computed from the date the taxes were last
21 payable without interest or penalty. Interest on any tax set forth
22 in a corrected or supplemental tax bill again begins to accrue 60
23 days after the date the corrected or supplemental tax bill is
24 issued at the rate of 1% per month or fraction of a month. Taxes
25 levied in a corrected or supplemental tax bill must be returned as
26 delinquent on the March 1 in the year immediately succeeding the
27 year in which the corrected or supplemental tax bill is issued.

28 (f) The assessor of the township or city shall annually
29 transmit the rescission ~~affidavits~~**forms** filed, or the information

1 contained in the rescission ~~affidavits~~**forms** filed, under this
2 section to the department of treasury in the form and in the manner
3 prescribed by the department of treasury no later than April 1.

4 (3) If the assessor of the township or city believes that
5 personal property for which the form claiming an exemption is
6 timely filed each year under subsection (2)(c) is not qualified
7 previously existing personal property or the form filed was
8 incomplete, the assessor may deny that claim for exemption by
9 notifying the person that filed the form in writing of the reason
10 for the denial and advising the person that the denial ~~shall~~**must**
11 be appealed to the board of review under section 30 by filing a
12 combined document as prescribed under subsection (2). If the denial
13 is issued after the first meeting of the March board of review that
14 follows the organizational meeting, the appeal of the denial is
15 either to the March board of review or the Michigan tax tribunal by
16 filing a petition and a completed combined document as prescribed
17 under subsection (2), within 35 days of the denial notice. The
18 assessor may deny a claim for exemption under this subsection for
19 the current year only. If the assessor denies a claim for
20 exemption, the assessor shall remove the exemption of that personal
21 property and amend the tax roll to reflect the denial and the local
22 treasurer shall within 30 days of the date of the denial issue a
23 corrected tax bill for any additional taxes.

24 (4) A person claiming an exemption for qualified previously
25 existing personal property exempt under this section shall maintain
26 books and records and shall provide access to those books and
27 records as provided in section 22.

28 (5) If a person fraudulently claims an exemption for personal
29 property under this section, that person is subject to the

1 penalties provided for in section 21(2).

2 ~~(6) For 2016 only, if an owner of qualified previously~~
3 ~~existing personal property did not file form 5278 by February 22,~~
4 ~~2016 or filed an incomplete form 5278 by February 22, 2016 to claim~~
5 ~~the exemption under this section with the assessor of the city or~~
6 ~~township in which the qualified previously existing personal~~
7 ~~property is located, that owner may file form 5278 with the~~
8 ~~assessor of the city or township in which the qualified previously~~
9 ~~existing personal property is located no later than May 31, 2016.~~
10 ~~If the assessor determines the property qualifies for the exemption~~
11 ~~under this section, the assessor shall immediately amend the~~
12 ~~assessment roll to reflect the exemption. The assessor of the~~
13 ~~township or city shall transmit the affidavits filed, or the~~
14 ~~information contained in the affidavits filed, under this section,~~
15 ~~and other parcel information required by the department of~~
16 ~~treasury, to the department of treasury in the form and in the~~
17 ~~manner prescribed by the department of treasury no later than June~~
18 ~~7, 2016. The owner shall still be required to meet all deadlines~~
19 ~~required under section 7 of the state essential services assessment~~
20 ~~act, 2014 PA 92, MCL 211.1057. If the assessor of the township or~~
21 ~~city believes that personal property for which an affidavit~~
22 ~~claiming an exemption filed under this subsection by May 31, 2016~~
23 ~~is not qualified previously existing personal property, the~~
24 ~~assessor may deny that claim for exemption by notifying the person~~
25 ~~that filed the affidavit in writing of the reason for the denial~~
26 ~~and advising the person that the denial may be appealed to the~~
27 ~~Michigan tax tribunal within 35 days of the date of the denial.~~

28 ~~(7) For 2017 only, if an owner of qualified previously~~
29 ~~existing personal property did not file the combined document by~~

1 ~~February 21, 2017 to claim the exemption under this section with~~
2 ~~the assessor of the city or township in which the qualified~~
3 ~~previously existing personal property is located, that owner may~~
4 ~~file the combined document with the assessor of the city or~~
5 ~~township in which the qualified previously existing personal~~
6 ~~property is located no later than May 31, 2017. If the assessor~~
7 ~~determines the property qualifies for the exemption under this~~
8 ~~section, the assessor shall immediately amend the assessment roll~~
9 ~~to reflect the exemption. The assessor of the township or city~~
10 ~~shall transmit the combined document filed, or the information~~
11 ~~contained in the combined document filed, under this section, and~~
12 ~~other parcel information required by the department of treasury, to~~
13 ~~the department of treasury in the form and in the manner prescribed~~
14 ~~by the department of treasury no later than June 9, 2017. The owner~~
15 ~~shall still meet all deadlines required under section 7 of the~~
16 ~~state essential services assessment act, 2014 PA 92, MCL 211.1057.~~
17 ~~If the assessor of the township or city believes that personal~~
18 ~~property for which a combined document claiming an exemption filed~~
19 ~~under this subsection by May 31, 2017 is not qualified previously~~
20 ~~existing personal property, the assessor may deny that claim for~~
21 ~~exemption by notifying the person that filed the combined document~~
22 ~~in writing of the reason for the denial and advising the person~~
23 ~~that the denial may be appealed to the Michigan tax tribunal within~~
24 ~~35 days of the date of the denial.~~

25 (6) ~~(8)~~ As used in this section:

26 (a) "Direct integrated support", "eligible manufacturing
27 personal property", "fair market value", and "industrial
28 processing" mean those terms as defined in section 9m.

29 (b) "Person" means an individual, partnership, corporation,

1 association, limited liability company, or any other legal entity.

2 (c) "Qualified previously existing personal property" means
3 personal property that meets both of the following conditions:

4 (i) Is eligible manufacturing personal property.

5 (ii) Was first placed in service within this state or outside
6 this state more than 10 years before the current calendar year.

7 Enacting section 1. This amendatory act does not take effect
8 unless all of the following bills of the 101st Legislature are
9 enacted into law:

10 (a) Senate Bill No. _____ or House Bill No. 5504 (request no.
11 04379'21).

12 (b) Senate Bill No. _____ or House Bill No. 5505 (request no.
13 04380'21).

14 (c) Senate Bill No. _____ or House Bill No. 5502 (request no.
15 04382'21).