

**SUBSTITUTE FOR  
SENATE BILL NO. 251**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 9 (MCL 211.9), as amended by 2003 PA 140.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 9. The following personal property is exempt from  
2 taxation:

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

1 than the residents is exempt.

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

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

11 (d) Pensions receivable from the United States.

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

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

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

25 (h) The working tools of a mechanic of not more than \$500.00  
26 in taxable value. "Mechanic", as used in this subdivision, means a  
27 person skilled in a trade pertaining to a craft or in the

1 construction or repair of machinery if the person's employment by  
2 others is dependent on his or her furnishing the tools.

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

5 (j) Property actually used in agricultural operations and farm  
6 implements held for sale or resale by retail servicing dealers for  
7 use in agricultural production. As used in this subdivision,  
8 "agricultural operations" means farming in all its branches,  
9 including cultivation of the soil, growing and harvesting of an  
10 agricultural, horticultural, or floricultural commodity, dairying,  
11 raising of livestock, bees, fur-bearing animals, or poultry, turf  
12 and tree farming, raising and harvesting of fish, and any practices  
13 performed by a farmer or on a farm as an incident to, or in  
14 conjunction with, farming operations, but excluding retail sales  
15 and food processing operations. Property used in agricultural  
16 operations includes ~~machinery~~ **ALL OF THE FOLLOWING:**

17 (i) **A METHANE DIGESTER AND A METHANE DIGESTER ELECTRIC**  
18 **GENERATING SYSTEM IF THE PERSON CLAIMING THE EXEMPTION SUBMITS AN**  
19 **AFFIDAVIT TO THE LOCAL TAX COLLECTING UNIT ATTESTING THAT THE**  
20 **METHANE DIGESTER OR THE METHANE DIGESTER ELECTRIC GENERATING SYSTEM**  
21 **IS LOCATED ON REAL PROPERTY VERIFIED BY THE DEPARTMENT OF**  
22 **AGRICULTURE AS MEETING ALL APPLICABLE REQUIREMENTS UNDER THE**  
23 **MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM, AND THE**  
24 **PERSON CLAIMING THE EXEMPTION HAS NOT BEEN FOUND GUILTY OF A**  
25 **CRIMINAL VIOLATION UNDER, OR FOUND RESPONSIBLE FOR A CIVIL**  
26 **VIOLATION THAT RESULTED IN A CIVIL FINE OF \$10,000.00 OR MORE**  
27 **UNDER, THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994**

1 PA 451, MCL 324.101 TO 324.90106, WITHIN A 3-YEAR PERIOD  
2 IMMEDIATELY PRECEDING THE DATE THE AFFIDAVIT IS SUBMITTED TO THE  
3 LOCAL TAX COLLECTING UNIT. AS USED IN THIS SUBPARAGRAPH:

4 (A) "BIOGAS" MEANS A MIXTURE OF GASES COMPOSED PRIMARILY OF  
5 METHANE AND CARBON DIOXIDE.

6 (B) "METHANE DIGESTER" MEANS A SYSTEM DESIGNED TO FACILITATE  
7 THE PRODUCTION, RECOVERY, AND STORAGE OF BIOGAS FROM THE ANAEROBIC  
8 MICROBIAL DIGESTION OF ANIMAL OR FOOD WASTE.

9 (C) "METHANE DIGESTER ELECTRIC GENERATING SYSTEM" MEANS A  
10 METHANE DIGESTER AND THE APPARATUS AND EQUIPMENT USED TO GENERATE  
11 ELECTRICITY OR HEAT FROM BIOGAS OR TO STORE BIOGAS FOR THE FUTURE  
12 GENERATION OF ELECTRICITY OR HEAT.

13 (i) A BIOMASS GASIFICATION SYSTEM. AS USED IN THIS  
14 SUBPARAGRAPH, "BIOMASS GASIFICATION SYSTEM" MEANS APPARATUS AND  
15 EQUIPMENT THAT THERMALLY DECOMPOSES AGRICULTURAL, FOOD, OR ANIMAL  
16 WASTE AT HIGH TEMPERATURES AND IN AN OXYGEN-FREE OR A CONTROLLED  
17 OXYGEN-RESTRICTED ENVIRONMENT INTO A GASEOUS FUEL AND THE EQUIPMENT  
18 USED TO GENERATE ELECTRICITY OR HEAT FROM THE GASEOUS FUEL OR STORE  
19 THE GASEOUS FUEL FOR FUTURE GENERATION OF ELECTRICITY OR HEAT.

20 (ii) A THERMAL DEPOLYMERIZATION SYSTEM. AS USED IN THIS  
21 SUBPARAGRAPH, "THERMAL DEPOLYMERIZATION SYSTEM" MEANS APPARATUS AND  
22 EQUIPMENT THAT USE HEAT TO BREAK DOWN NATURAL AND SYNTHETIC  
23 POLYMERS AND THAT CAN ACCEPT ONLY ORGANIC WASTE.

24 (iv) MACHINERY used to prepare the crop for market operated  
25 incidental to a farming operation that does not substantially alter  
26 the form, shape, or substance of the crop and is limited to  
27 cleaning, cooling, washing, pitting, grading, sizing, sorting,

1 drying, bagging, boxing, crating, and handling if not less than 33%  
2 of the volume of the crops processed in the year ending on the  
3 applicable tax day or in at least 3 of the immediately preceding 5  
4 years were grown by the farmer in Michigan who is the owner or user  
5 of the crop processing machinery.

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

10 (l) The products, materials, or goods processed or otherwise  
11 and in whatever form, but expressly excepting alcoholic beverages,  
12 located in a public warehouse, United States customs port of entry  
13 bonded warehouse, dock, or port facility on December 31 of each  
14 year, if those products, materials, or goods are designated as in  
15 transit to destinations outside this state pursuant to the  
16 published tariffs of a railroad or common carrier by filing the  
17 freight bill covering the products, materials, or goods with the  
18 agency designated by the tariffs, entitling the shipper to  
19 transportation rate privileges. Products in a United States customs  
20 port of entry bonded warehouse that arrived from another state or a  
21 foreign country, whether awaiting shipment to another state or to a  
22 final destination within this state, are considered to be in  
23 transit and temporarily at rest, and not subject to the collection  
24 of taxes under this act. To obtain an exemption for products,  
25 materials, or goods under this subdivision, the owner shall file a  
26 sworn statement with, and in the form required by, the assessing  
27 officer of the tax district in which the warehouse, dock, or port

1 facility is located, at a time between the tax day, December 31,  
2 and before the assessing officer closes the assessment rolls  
3 describing the products, materials, or goods, and reporting their  
4 cost and value as of December 31 of each year. The status of  
5 persons and products, materials, or goods for which an exemption is  
6 requested is determined as of December 31, which is the tax day.  
7 Any property located in a public warehouse, dock, or port facility  
8 on December 31 of each year that is exempt from taxation under this  
9 subdivision but that is not shipped outside this state pursuant to  
10 the particular tariff under which the transportation rate privilege  
11 was established shall be assessed upon the immediately succeeding  
12 or a subsequent assessment roll by the assessing officer and taxed  
13 at the same rate of taxation as other taxable property for the year  
14 or years for which the property was exempted to the owner at the  
15 time of the omission unless the owner or person entitled to  
16 possession of the products, materials, or goods is a resident of,  
17 or authorized to do business in, this state and files with the  
18 assessing officer, with whom statements of taxable property are  
19 required to be filed, a statement under oath that the products,  
20 materials, or goods are not for sale or use in this state and will  
21 be shipped to a point or points outside this state. If a person,  
22 firm, or corporation claims exemption by filing a sworn statement,  
23 the person, firm, or corporation shall append to the statement of  
24 taxable property required to be filed in the immediately succeeding  
25 year or, if a statement of taxable property is not filed for the  
26 immediately succeeding year, to a sworn statement filed on a form  
27 required by the assessing officer, a complete list of the property

1 for which the exemption was claimed with a statement of the manner  
2 of shipment and of the point or points to which the products,  
3 materials, or goods were shipped from the public warehouse, dock,  
4 or port facility. The assessing officer shall assess the products,  
5 materials, or goods not shipped to a point or points outside this  
6 state upon the immediately succeeding assessment roll or on a  
7 subsequent assessment roll and the products, materials, or goods  
8 shall be taxed at the same rate of taxation as other taxable  
9 property for the year or years for which the property was exempted  
10 to the owner at the time of the omission. The records, accounts,  
11 and books of warehouses, docks, or port facilities, individuals,  
12 partnerships, corporations, owners, or those in possession of  
13 tangible personal property shall be open to and available for  
14 inspection, examination, or auditing by assessing officers. A  
15 warehouse, dock, port facility, individual, partnership,  
16 corporation, owner, or person in possession of tangible personal  
17 property shall report within 90 days after shipment of products,  
18 materials, or goods in transit, for which an exemption under this  
19 section was claimed or granted, the destination of shipments or  
20 parts of shipments and the cost value of those shipments or parts  
21 of shipments to the assessing officer. A warehouse, dock, port  
22 facility, individual, partnership, corporation, or owner is subject  
23 to a fine of \$100.00 for each failure to report the destination and  
24 cost value of shipments or parts of shipments as required in this  
25 subdivision. A person, firm, individual, partnership, corporation,  
26 or owner failing to report products, materials, or goods located in  
27 a warehouse, dock, or port facility to the assessing officer is

1 subject to a fine of \$100.00 and a penalty of 50% of the final  
2 amount of taxes found to be assessable for the year on property not  
3 reported, the assessable taxes and penalty to be spread on a  
4 subsequent assessment roll in the same manner as general taxes on  
5 personal property. For the purpose of this subdivision, a public  
6 warehouse, dock, or port facility means a warehouse, dock, or port  
7 facility owned or operated by a person, firm, or corporation  
8 engaged in the business of storing products, materials, or goods  
9 for hire for profit who issues a schedule of rates for storage of  
10 the products, materials, or goods and who issues warehouse receipts  
11 pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States  
12 customs port of entry bonded warehouse means a customs warehouse  
13 within a classification designated by ~~19 C.F.R. 19.1~~ **19 CFR 19.1**  
14 and that is located in a port of entry, as defined by ~~19 C.F.R.~~  
15 ~~101.1~~ **19 CFR 101.1**. A portion of a public warehouse, United States  
16 customs port of entry bonded warehouse, dock, or port facility  
17 leased to a tenant or a portion of any premises owned or leased or  
18 operated by a consignor or consignee or an affiliate or subsidiary  
19 of the consignor or consignee is not a public warehouse, dock, or  
20 port facility.

21 (m) Personal property owned by a bank or trust company  
22 organized under the laws of this state, a national banking  
23 association, or an incorporated bank holding company as defined in  
24 section ~~2~~ **1841** of the bank holding company act of 1956, ~~chapter~~  
25 ~~240, 70 Stat. 133, 12 U.S.C. 1841~~ **12 USC 1841**, that controls a  
26 bank, national banking association, trust company, or industrial  
27 bank subsidiary located in this state. Buildings owned by a state



1 or national bank, trust company, or incorporated bank holding  
2 company and situated upon lands of which the state or national  
3 bank, trust company, or incorporated bank holding company is not  
4 the owner of the fee are considered real property and are not  
5 exempt from taxation. Personal property owned by a state or  
6 national bank, trust company, or incorporated bank holding company  
7 that is leased, loaned, or otherwise made available to and used by  
8 a private individual, association, or corporation in connection  
9 with a business conducted for profit is not exempt from taxation.

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

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

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

1 parents of children currently enrolled in the preschool, that  
2 provides an educational and developmental program for children  
3 younger than compulsory school age, that provides an educational  
4 program for parents, including active participation with children  
5 in preschool activities, that is directed by qualified preschool  
6 personnel, and that is licensed under 1973 PA 116, MCL 722.111 to  
7 722.128.

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

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

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

19 (t) For taxes levied after December 31, 2000, aircraft  
20 excepted from the registration provisions of the aeronautics code  
21 of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and  
22 all other aircraft operating under the provisions of a certificate  
23 issued under ~~14 C.F.R. part 121~~ **14 CFR PART 121**, and all spare  
24 parts for such aircraft.