

SENATE BILL No. 251

February 24, 2005, Introduced by Senators BROWN, VAN WOERKOM, JELINEK, CROPSEY, GILBERT, STAMAS, KUIPERS, ALLEN, BIRKHOLZ, GOSCHKA and SANBORN and referred to the Committee on Agriculture, Forestry and Tourism.

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

1 fraternal societies does not inure to the benefit of a person other
2 than the residents is exempt.

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

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

12 (d) Pensions receivable from the United States.

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

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

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

26 (h) The working tools of a mechanic of not more than \$500.00
27 in taxable value. "Mechanic", as used in this subdivision, means a

1 person skilled in a trade pertaining to a craft or in the
 2 construction or repair of machinery if the person's employment by
 3 others is dependent on his or her furnishing the tools.

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

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

18 (i) **A METHANE DIGESTER AND A METHANE DIGESTER ELECTRIC**
 19 **GENERATING SYSTEM IF THE PERSON CLAIMING THE EXEMPTION SUBMITS AN**
 20 **AFFIDAVIT TO THE LOCAL TAX COLLECTING UNIT ATTESTING THAT THE**
 21 **PERSON CLAIMING THE EXEMPTION HAS NOT BEEN FOUND GUILTY OF A**
 22 **CRIMINAL VIOLATION UNDER, OR FOUND RESPONSIBLE FOR A CIVIL**
 23 **VIOLATION UNDER, PART 31 OF THE NATURAL RESOURCES AND ENVIRONMENTAL**
 24 **PROTECTION ACT, 1994 PA 451, MCL 324.3101 TO 324.3133, WITHIN A 1-**
 25 **YEAR PERIOD IMMEDIATELY PRECEDING THE DATE THE AFFIDAVIT IS**
 26 **SUBMITTED TO THE LOCAL TAX COLLECTING UNIT. AS USED IN THIS**
 27 **SUBPARAGRAPH:**

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

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

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

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

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

21 (iv) MACHINERY used to prepare the crop for market operated
22 incidental to a farming operation that does not substantially alter
23 the form, shape, or substance of the crop and is limited to
24 cleaning, cooling, washing, pitting, grading, sizing, sorting,
25 drying, bagging, boxing, crating, and handling if not less than 33%
26 of the volume of the crops processed in the year ending on the
27 applicable tax day or in at least 3 of the immediately preceding 5

1 years were grown by the farmer in Michigan who is the owner or user
2 of the crop processing machinery.

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

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

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

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

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

18 (m) Personal property owned by a bank or trust company
19 organized under the laws of this state, a national banking
20 association, or an incorporated bank holding company as defined in
21 section ~~2~~ **1841** of the bank holding company act of 1956, ~~chapter~~
22 ~~240, 70 Stat. 133, 12 U.S.C. 1841~~ **12 USC 1841**, that controls a
23 bank, national banking association, trust company, or industrial
24 bank subsidiary located in this state. Buildings owned by a state
25 or national bank, trust company, or incorporated bank holding
26 company and situated upon lands of which the state or national
27 bank, trust company, or incorporated bank holding company is not

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

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

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

21 (p) The personal property of a parent cooperative preschool.
22 As used in this subdivision and section 7z, "parent cooperative
23 preschool" means a nonprofit, nondiscriminatory educational
24 institution maintained as a community service and administered by
25 parents of children currently enrolled in the preschool, that
26 provides an educational and developmental program for children
27 younger than compulsory school age, that provides an educational

1 program for parents, including active participation with children
2 in preschool activities, that is directed by qualified preschool
3 personnel, and that is licensed under 1973 PA 116, MCL 722.111 to
4 722.128.

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

11 (r) Liquefied petroleum gas tanks located on residential or
12 agricultural property used to store liquefied petroleum gas for
13 residential or agricultural property use.

14 (s) Water conditioning systems used for a residential
15 dwelling.

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