



SENATE BILL No. 951

March 27, 1996, Introduced by Senators GOUGEON and NORTH
and referred to the Committee on Finance.

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. 273 of the Public Acts of 1993, being sec-
tion 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. 273 of the Public Acts of 1993, being
3 section 211.9 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 9. The following personal property is exempt from
6 taxation:

7 (a) The personal property of charitable, educational, and
8 scientific institutions incorporated under the laws of this
9 state. This exemption does not apply to secret or fraternal

1 societies, but the personal property of all charitable homes of
2 ~~the~~ SECRET OR FRATERNAL societies and OF nonprofit corporations
3 that own and operate facilities for the aged and chronically ill
4 in which the net income from the operation of the corporations
5 does not inure to the benefit of a person other than the resi-
6 dents 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~~ WITH POSTS OF THE GRAND ARMY OF THE REPUBLIC
13 AND SONS OF VETERANS' UNIONS, of young men's Christian associa-
14 tions, women's Christian temperance union associations, young
15 people's Christian unions, a boy or girl scout or camp fire girls
16 organization, 4-H clubs, and other similar associations.

17 (d) Pensions receivable from the United States.

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

19 (f) The personal property owned and used by a householder
20 such as customary furniture, fixtures, provisions, fuel, and
21 other similar equipment, ~~and the~~ wearing apparel including per-
22 sonal jewelry, family pictures, school books, library books of
23 reference, and allied items. Personal property is not exempt
24 under this subdivision if it is used to produce income, if it is
25 held for speculative investment, or if it constitutes an inven-
26 tory of goods for sale in the regular course of trade.

1 (g) Household furnishings, provisions, and fuel ~~to the~~
2 ~~state equalized value~~ of not more than \$5,000.00 IN STATE
3 EQUALIZED VALUATION, to each social or professional fraternity,
4 sorority, and student cooperative house recognized by the educa-
5 tional institution at which it is located.

6 (h) The working tools of a mechanic ~~to the state equalized~~
7 ~~value~~ of not more than \$500.00 IN STATE EQUALIZED VALUATION.
8 "Mechanic", as used in this subdivision, means a person skilled
9 in a trade pertaining to a craft or in the construction or repair
10 of machinery if the person's employment by others is dependent on
11 his or her furnishing the 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 and food processing operations. Property used
25 in agricultural operations includes machinery used to prepare the
26 crop for market operated incidental to a farming operation that
27 does not substantially alter the form, shape, or substance of the

1 crop and is limited to cleaning, cooling, washing, pitting,
2 grading, sizing, sorting, drying, bagging, boxing, crating, and
3 handling if not less than 33% of the volume of the crops pro-
4 cessed in the year ending on the applicable tax day or in at
5 least 3 of the immediately preceding 5 years were grown by the
6 farmer in Michigan who is the owner or user of the crop process-
7 ing machinery.

8 (k) Personal property ~~to the state equalized value of~~ not
9 more than \$500.00 IN STATE EQUALIZED VALUATION used by a house-
10 holder in the operation of a business in the householder's dwell-
11 ing or at 1 other location in the city, township, or village
12 where the householder resides.

13 (l) The products, materials, or goods, processed or other-
14 wise and in whatever form, but expressly excepting alcoholic bev-
15 erages, located in a public warehouse, United States customs port
16 of entry bonded warehouse, dock, or port facility on December 31
17 of each year, if those products, materials, or goods are desig-
18 nated as in transit to destinations out of THIS state pursuant to
19 the published tariffs of a railroad or common carrier by ~~the~~
20 filing ~~of~~ the freight bill covering the products, materials, or
21 goods with the agency designated by the tariffs, ~~so as to~~
22 ~~entitle~~ ENTITLING the shipper to transportation rate
23 privileges. Products in a United States customs port of entry
24 bonded warehouse that arrived from another state or a foreign
25 country, whether awaiting shipment to another state or to a final
26 destination within this state, ~~shall be~~ ARE considered to be in
27 transit and temporarily at rest, and not subject to personal

1 property taxation. To obtain AN exemption FOR PRODUCTS,
2 MATERIALS, OR GOODS UNDER THIS SUBDIVISION, the owner shall file
3 a sworn statement with, and in the form required by, the assess-
4 ing officer of the tax district in which the warehouse, dock, or
5 port facility is located, at a time between the tax day,
6 December 31, and before ~~closing of~~ the ASSESSING OFFICER CLOSSES
7 THE assessment rolls, ~~by the assessing officer,~~ describing the
8 products, materials, or goods, and reporting their cost and value
9 as of December 31 of each year. The status of persons ~~—~~ and
10 products, materials, or goods for which AN exemption is requested
11 ~~shall be~~ IS determined as of December 31, which ~~shall be~~ IS
12 the tax day. ~~The assessment on the basis of average monthly~~
13 ~~inventory shall not apply in valuing products, materials, or~~
14 ~~goods for which exemption is requested.~~ Any property located in
15 a public warehouse, dock, or port facility on December 31 of each
16 year ~~— which~~ THAT is exempt from taxation under this subdivi-
17 sion but ~~which~~ THAT is not shipped outside the state pursuant
18 to the particular tariff under which the transportation rate
19 privilege was established ~~—~~ shall be assessed upon the next
20 succeeding or a subsequent assessment roll by the assessing offi-
21 cer and taxed at the same rate of taxation as other taxable prop-
22 erties for the year or years for which the property was exempted
23 ~~—~~ to the owner at the time of the omission ~~—~~ unless the owner
24 or person entitled to possession of the products, materials, or
25 goods is a resident of, or authorized to do business in, this
26 state and files with the assessing officer, with whom statements
27 of taxable property are required to be filed, a statement under

1 oath that the products, materials, or goods are not for sale or
2 use in this state and will be shipped to a point or points out-
3 side this state. If a person, firm, or corporation claims AN
4 exemption by ~~the~~ filing ~~of~~ a sworn statement, the person,
5 firm, or corporation shall append to the statement of taxable
6 property required to be filed in the next year or, if a statement
7 of taxable property is not filed for the next year, TO a sworn
8 statement FILED on a form required by the assessing officer,
9 ~~shall be filed showing~~ a complete list of the property for
10 which the exemption was claimed with a statement of the manner of
11 shipment and of the point or points to which the products, mate-
12 rials, or goods were shipped from the public warehouse, dock, or
13 port facility. ~~and~~ THE ASSESSING OFFICER SHALL ASSESS the pro-
14 ducts, materials, or goods not shipped to a point or points out-
15 side this state ~~shall be assessed~~ upon the next succeeding
16 assessment roll ~~or~~ or on a subsequent assessment roll ~~by the~~
17 ~~assessing officer~~ and THE PRODUCTS, MATERIALS, OR GOODS SHALL BE
18 taxed at the same rate of taxation as other taxable properties
19 for the year or years for which the property was exempted ~~or~~ to
20 the owner at the time of the omission. The records, accounts,
21 and books of warehouses, docks, or port facilities, individuals,
22 partnerships, corporations, owners, or those in possession of
23 tangible personal property shall be open to and available for
24 inspection, examination, or auditing by assessing officers. A
25 warehouse, dock, ~~or~~ port facility, individual, partnership,
26 corporation, owner, or person in possession of tangible personal
27 property, shall report within 90 days after shipment of products,

1 materials, or goods in transit, for which AN exemption under this
2 section was claimed or granted, the destination of shipments or
3 parts of shipments and the cost value ~~thereof~~ OF THE SHIPMENTS
4 OR PARTS OF SHIPMENTS to the assessing officer. ~~For failure to~~
5 ~~comply with this requirement, the~~ A warehouse, dock, ~~or~~ port
6 facility, individual, partnership, corporation, or owner is
7 subject to a fine of \$100.00 for each ~~omission~~ FAILURE TO
8 REPORT THE DESTINATION AND COST VALUE OF SHIPMENTS OR PARTS OF
9 SHIPMENTS AS REQUIRED IN THIS SUBDIVISION. A person, firm, indi-
10 vidual, partnership, corporation, or owner failing to report pro-
11 ducts, materials, or goods located in a warehouse, dock, or port
12 facility to the assessing officer is subject to a fine of \$100.00
13 and a penalty of 50% of the final amount of taxes found to be
14 assessable for the year on property not reported, the assessable
15 taxes and penalty to be spread on a subsequent assessment roll in
16 the same manner as general taxes on personal property. For the
17 purpose of this subdivision, a public warehouse, dock, or port
18 facility means a warehouse, dock, or port facility owned or oper-
19 ated by a person, firm, or corporation engaged in the business of
20 storing products, materials, or goods for hire for profit who
21 issues a schedule of rates for storage of the products, materi-
22 als, or goods and who issues warehouse receipts pursuant to Act
23 No. 303 of the Public Acts of 1909, ~~as amended,~~ being sections
24 443.50 to 443.55 of the Michigan Compiled Laws. A United States
25 customs port of entry bonded warehouse means a warehouse within a
26 classification designated by 19 C.F.R. 19.1 and ~~which~~ THAT is
27 located in a port of entry, as defined by 19 C.F.R. 101.1(m). A

1 portion of a public warehouse, United States customs port of
2 entry bonded warehouse, dock, or port facility leased to a tenant
3 or a portion of any premises owned or leased or operated by a
4 consignor or consignee or an affiliate or subsidiary of the con-
5 signor or consignee ~~shall~~ IS not ~~be considered~~ a public ware-
6 house, dock, or port facility.

7 (m) Personal property owned by a bank or trust company orga-
8 nized under the laws of this state, A national banking associa-
9 tion, or AN incorporated bank holding company as defined in sec-
10 tion 2 of the bank holding company act of 1956, chapter 240,
11 70 Stat. 133, 12 U.S.C. 1841 ~~—~~ that controls a bank, national
12 banking association, trust company, or industrial bank subsidiary
13 located in this state. ~~However, buildings~~ BUILDINGS owned by a
14 state or national bank, trust company, or incorporated bank hold-
15 ing company and situated upon lands of which the state or
16 national bank, trust company, or incorporated bank holding com-
17 pany is not the owner of the fee TITLE are considered real prop-
18 erty and are not exempt from taxation. ~~and personal~~ PERSONAL
19 property owned by a state or national bank, trust company, or
20 incorporated bank holding company that is leased, loaned, or oth-
21 erwise made available to and used by a private individual, asso-
22 ciation, or corporation in connection with a business conducted
23 for profit is not exempt from taxation.

24 (n) Farm products, processed or otherwise, the ultimate use
25 of which is for human or animal consumption as food, except wine,
26 beer, and other alcoholic beverages, regularly placed in storage
27 in a public warehouse, dock, or port facility ~~—~~ while in

1 storage are considered in transit and only temporarily at rest
2 ~~—~~ and are not subject to personal property taxation. The
3 assessing officer is the determining authority as to what consti-
4 tutes, is defined as, or classified as, farm products as used in
5 this subdivision. The records, accounts, and books of ware-
6 houses, docks, or port facilities, individuals, partnerships,
7 corporations, owners, or those in possession of farm products
8 shall be open to and available for inspection, examination, or
9 auditing by assessing officers.

10 (o) Sugar, in solid or liquid form, produced from sugar
11 beets, ~~and~~ dried beet pulp, and beet molasses ~~—~~ when owned or
12 held by processors.

13 (p) The personal property of a parent cooperative
14 preschool. As used in this subdivision and section 7z, "parent
15 cooperative preschool" means a nonprofit, nondiscriminatory edu-
16 cational institution maintained as a community service and admin-
17 istered by parents of children currently enrolled in the pre-
18 school, that provides an educational and developmental program
19 for children younger than compulsory school age, that provides an
20 educational program for parents, including active participation
21 with children in preschool activities, that is directed by quali-
22 fied preschool personnel, and that is licensed by the department
23 of social services under Act No. 116 of the Public Acts of 1973,
24 ~~as amended,~~ being sections 722.111 to 722.128 of the Michigan
25 Compiled Laws.

26 (q) All equipment used exclusively in wood harvesting, but
27 not including portable or stationary sawmills or other equipment

1 used in secondary processing operations. As used in this
2 subdivision, "wood harvesting" means ~~the~~ clearing ~~of~~ land for
3 forest management purposes, ~~the~~ planting ~~of~~ trees, ~~and~~ all
4 forms of cutting or chipping ~~of~~ trees, and ~~the~~ loading ~~of~~
5 ~~them~~ TREES on trucks for removal from the harvest area.

6 (r) Liquefied petroleum gas tanks located on residential or
7 agricultural property and used to store liquefied petroleum gas
8 for residential or agricultural property use. As used in this
9 subdivision, "liquefied petroleum gas" means that term as defined
10 in section 51 of Act No. 150 of the Public Acts of 1927, being
11 section 207.151 of the Michigan Compiled Laws.

12 (S) THE PERSONAL PROPERTY OF A FARMERS' COOPERATIVE. AS
13 USED IN THIS SUBDIVISION, "FARMERS' COOPERATIVE" MEANS A
14 FARMERS', FRUIT GROWERS', OR OTHER AGRICULTURAL ASSOCIATION ORGA-
15 NIZED AND OPERATED ON A COOPERATIVE BASIS FOR 1 OR BOTH OF THE
16 FOLLOWING PURPOSES:

17 (i) TO MARKET THE PRODUCTS OF MEMBERS OR OTHER PERSONS AND
18 TO RETURN TO THOSE MEMBERS OR OTHER PERSONS THE SALE PROCEEDS,
19 LESS NECESSARY MARKETING EXPENSES, ON THE BASIS OF EITHER THE
20 QUANTITY OR VALUE OF THE PRODUCTS FURNISHED.

21 (ii) TO PURCHASE SUPPLIES AND EQUIPMENT FOR THE USE OF MEM-
22 BERS OR OTHER PERSONS AND TO PROVIDE SUPPLIES AND EQUIPMENT TO
23 MEMBERS OR OTHER PERSONS AT ACTUAL COST, PLUS NECESSARY EXPENSES.

24 Section 2. This amendatory act is retroactive and shall
25 take effect on December 31, 1992.