

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4553

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 9f, 9m, and 9n (MCL 211.9f, 211.9m, and  
211.9n), sections 9f and 9m as amended by 2014 PA 87 and section 9n  
as amended by 2013 PA 154.

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

1       Sec. 9f. (1) The governing body of an eligible local assessing  
2 district or, subject to subsection (4), the board of a ~~next~~**NEXT**  
3 Michigan development corporation in which an eligible local  
4 assessing district is a constituent member may adopt a resolution  
5 to exempt from the collection of taxes under this act all new  
6 personal property owned or leased by an eligible business located  
7 in 1 or more eligible districts or distressed parcels designated in  
8 the resolution or an eligible ~~next~~**NEXT** Michigan business as  
9 provided in this section. The clerk of the eligible local assessing

1 district or the recording officer of a ~~next~~**NEXT** Michigan  
2 development corporation shall notify in writing the assessor of the  
3 ~~local tax collecting unit~~**TOWNSHIP OR CITY** in which the eligible  
4 district or distressed parcel is located and the legislative body  
5 of each taxing unit that levies ad valorem property taxes in the  
6 eligible local assessing district in which the eligible district or  
7 distressed parcel is located. Before acting on the resolution, the  
8 governing body of the eligible local assessing district or a ~~next~~  
9 **NEXT** Michigan development corporation shall afford the assessor and  
10 a representative of the affected taxing units an opportunity for a  
11 hearing.

12 (2) The exemption under this section is effective on the  
13 December 31 immediately succeeding the adoption of the resolution  
14 by the governing body of the eligible local assessing district or a  
15 ~~next~~**NEXT** Michigan development corporation and, except as otherwise  
16 provided in subsection (8), shall continue in effect for a period  
17 specified in the resolution. However, an exemption shall not be  
18 granted under this section after December 31, 2012 for an eligible  
19 business located in an eligible district identified in subsection  
20 (10) (f) (i) or in an eligible local assessing district identified  
21 in subsection (10) (h) (ii). A copy of the resolution shall be filed  
22 with the state tax commission, the state treasurer, and the  
23 president of the Michigan strategic fund. A resolution is not  
24 effective unless approved as provided in subsection (3).

25 (3) Not more than 60 days after receipt of a copy of the  
26 resolution adopted by the governing body of an eligible local  
27 assessing district under subsection (1), the state tax commission

1 shall determine if the new personal property subject to the  
2 exemption is owned or leased by an eligible business and if the  
3 eligible business is located in 1 or more eligible districts. If  
4 the state tax commission determines that the new personal property  
5 subject to the exemption is owned or leased by an eligible business  
6 and that the eligible business is located in 1 or more eligible  
7 districts, the state treasurer, with the written concurrence of the  
8 president of the Michigan strategic fund, shall approve the  
9 resolution adopted under subsection (1) if the state treasurer and  
10 the president of the Michigan strategic fund determine that  
11 exempting new personal property of the eligible business is  
12 necessary to reduce unemployment, promote economic growth, and  
13 increase capital investment in this state. In addition, for an  
14 eligible business located in an eligible local assessing district  
15 described in subsection (10)(h)(ii), the resolution adopted under  
16 subsection (1) shall be approved if the state treasurer and the  
17 president of the Michigan strategic fund determine that granting  
18 the exemption is a net benefit to this state, that expansion,  
19 retention, or location of an eligible business will not occur in  
20 this state without this exemption, and that there is no significant  
21 negative effect on employment in other parts of this state as a  
22 result of the exemption.

23 (4) A ~~next~~**NEXT** Michigan development corporation may only  
24 adopt a resolution under subsection (1) exempting new personal  
25 property from the collection of taxes under this act for new  
26 personal property located in a ~~next~~**NEXT** Michigan development  
27 district. A ~~next~~**NEXT** Michigan development corporation shall not

1 adopt a resolution under subsection (1) exempting new personal  
2 property from the collection of taxes under this act without a  
3 written agreement entered into with the eligible ~~next~~**NEXT** Michigan  
4 business subject to the exemption, which written agreement contains  
5 a remedy provision that includes, but is not limited to, all of the  
6 following:

7 (a) A requirement that the exemption under this section is  
8 revoked if the eligible ~~next~~**NEXT** Michigan business is determined  
9 to be in violation of the provisions of the written agreement.

10 (b) A requirement that the eligible ~~next~~**NEXT** Michigan  
11 business may be required to repay all or part of the personal  
12 property taxes exempted under this section if the eligible ~~next~~  
13 **NEXT** Michigan business is determined to be in violation of the  
14 provisions of the written agreement.

15 (5) Subject to subsections (6) and (8), if an existing  
16 eligible business sells or leases new personal property exempt  
17 under this section to an acquiring eligible business, the exemption  
18 granted to the existing eligible business shall continue in effect  
19 for the period specified in the resolution adopted under subsection  
20 (1) for the new personal property purchased or leased from the  
21 existing eligible business by the acquiring eligible business and  
22 for any new personal property purchased or leased by the acquiring  
23 eligible business.

24 (6) After December 31, 2007, an exemption for an existing  
25 eligible business shall continue in effect for an acquiring  
26 eligible business under subsection (5) only if the continuation of  
27 the exemption is approved in a resolution adopted by the governing

1 body of an eligible local assessing district or the board of a ~~next~~  
2 **NEXT** Michigan development corporation in which the eligible local  
3 assessing district is a constituent member.

4 (7) Notwithstanding ~~the amendatory act that added section~~  
5 ~~2(1)(c), 2000 PA 415~~, all of the following shall apply to an  
6 exemption under this section that was approved by the state tax  
7 commission on or before April 30, 1999, regardless of the effective  
8 date of the exemption:

9 (a) The exemption shall be continued for the term authorized  
10 by the resolution adopted by the governing body of the eligible  
11 local assessing district and approved by the state tax commission  
12 with respect to buildings and improvements constructed on leased  
13 real property during the term of the exemption if the value of the  
14 real property is not assessed to the owner of the buildings and  
15 improvements.

16 (b) The exemption shall not be impaired or restricted with  
17 respect to buildings and improvements constructed on leased real  
18 property during the term of the exemption if the value of the real  
19 property is not assessed to the owner of the buildings and  
20 improvements.

21 (8) Notwithstanding any other provision of this section to the  
22 contrary, ~~and subject to subsection (9)~~, if new personal property  
23 exempt under this section on **OR AFTER** December 31, 2012 is eligible  
24 manufacturing personal property, that eligible manufacturing  
25 personal property shall remain exempt under this section until the  
26 later of the following:

27 (a) The date that eligible manufacturing personal property

1 would otherwise be exempt from the collection of taxes under this  
2 act under section 9m, 9n, or 9o.

3 (b) The date that eligible manufacturing personal property is  
4 no longer exempt under the resolution adopted under subsection (1).

5 ~~(9) If either House Bill No. 6026 of the 96th Legislature,~~  
6 ~~2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is~~  
7 ~~presented to the qualified electors of this state at an election to~~  
8 ~~be held on the August regular election date in 2014 and the bill~~  
9 ~~presented is not approved by a majority of the qualified electors~~  
10 ~~of this state voting on the question, subsection (8) shall not~~  
11 ~~apply after the date of that election.~~ **AN ELIGIBLE BUSINESS THAT**

12 **OWNS OR LEASES NEW PERSONAL PROPERTY THAT IS EXEMPT UNDER THIS**  
13 **SECTION AND THAT IS ELIGIBLE PERSONAL PROPERTY SHALL FILE AN**  
14 **AFFIDAVIT WITH THE ASSESSOR OF THE TOWNSHIP OR CITY IN WHICH THE**  
15 **ELIGIBLE PERSONAL PROPERTY IS LOCATED NOT LATER THAN FEBRUARY 20 OF**  
16 **THE FIRST YEAR THAT THE NEW PERSONAL PROPERTY IS ELIGIBLE PERSONAL**  
17 **PROPERTY IN A MANNER PROVIDED BY SECTION 7(8) OF THE STATE**  
18 **ESSENTIAL SERVICES ASSESSMENT ACT, 2014 PA 92, MCL 211.1057. THE**  
19 **AFFIDAVIT SHALL INDICATE THAT THE NEW PERSONAL PROPERTY IS ELIGIBLE**  
20 **PERSONAL PROPERTY. THE AFFIDAVIT SHALL BE IN A FORM PRESCRIBED BY**  
21 **THE STATE TAX COMMISSION.**

22 (10) As used in this section:

23 (a) "Acquiring eligible business" means an eligible business  
24 that purchases or leases assets of an existing eligible business,  
25 including the purchase or lease of new personal property exempt  
26 under this section, and that will conduct business operations  
27 similar to those of the existing eligible business at the location

1 of the existing eligible business within the eligible district.

2 (b) "Authorized business" means that term as defined in  
3 section 3 of the Michigan economic growth authority act, 1995 PA  
4 24, MCL 207.803.

5 (c) "Eligible manufacturing personal property" means that term  
6 as defined in section 9m.

7 (d) "Distressed parcel" means a parcel of real property  
8 located in a city or village that meets all of the following  
9 conditions:

10 (i) Is located in a qualified downtown revitalization  
11 district. As used in this subparagraph, "qualified downtown  
12 revitalization district" means an area located within 1 or more of  
13 the following:

14 (A) The boundaries of a downtown district as defined in  
15 section 1 of 1975 PA 197, MCL 125.1651.

16 (B) The boundaries of a principal shopping district or a  
17 business improvement district as defined in section 1 of 1961 PA  
18 120, MCL 125.981.

19 (C) The boundaries of the local governmental unit in an area  
20 that is zoned and primarily used for business as determined by the  
21 local governmental unit.

22 (ii) Meets 1 of the following conditions:

23 (A) Has a blighted or functionally obsolete building located  
24 on the parcel. As used in this sub-subparagraph, "blighted" and  
25 "functionally obsolete" mean those terms as defined in section 2 of  
26 the brownfield redevelopment financing act, 1996 PA 381, MCL  
27 125.2652.

1 (B) Is a vacant parcel that had been previously occupied.

2 (iii) Is zoned to allow for mixed use.

3 (e) "Eligible business" means, effective August 7, 1998, a  
4 business engaged primarily in manufacturing, mining, research and  
5 development, wholesale trade, office operations, or the operation  
6 of a facility for which the business that owns or operates the  
7 facility is an eligible taxpayer. For purposes of a ~~next~~**NEXT**  
8 Michigan development corporation, eligible business means only an  
9 eligible ~~next~~**NEXT** Michigan business. Eligible business does not  
10 include a casino, retail establishment, professional sports  
11 stadium, or that portion of an eligible business used exclusively  
12 for retail sales. Professional sports stadium does not include a  
13 sports stadium in existence on June 6, 2000 that is not used by a  
14 professional sports team on the date of the resolution adopted  
15 pursuant to subsection (1). As used in this subdivision, "casino"  
16 means a casino regulated by this state ~~pursuant to~~**UNDER** the  
17 Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to  
18 432.226, and all property associated or affiliated with the  
19 operation of a casino, including, but not limited to, a parking  
20 lot, hotel, motel, or retail store.

21 (f) "Eligible district" means 1 or more of the following:

22 (i) An industrial development district as that term is defined  
23 in 1974 PA 198, MCL 207.551 to 207.572.

24 (ii) A renaissance zone as that term is defined in the  
25 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to  
26 125.2696.

27 (iii) An enterprise zone as that term is defined in the



1 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

2 (iv) A brownfield redevelopment zone as that term is  
3 designated under the brownfield redevelopment financing act, 1996  
4 PA 381, MCL 125.2651 to 125.2672.

5 (v) An empowerment zone designated under subchapter U of  
6 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to  
7 1397F.

8 (vi) An authority district or a development area as those  
9 terms are defined in the tax increment finance authority act, 1980  
10 PA 450, MCL 125.1801 to 125.1830.

11 (vii) An authority district as that term is defined in the  
12 local development financing act, 1986 PA 281, MCL 125.2151 to  
13 125.2174.

14 (viii) A downtown district or a development area as those  
15 terms are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

16 (ix) An area that contains an eligible taxpayer.

17 (x) A ~~next~~-NEXT Michigan development district.

18 (g) "Eligible distressed area" means 1 of the following:

19 (i) That term as defined in section 11 of the state housing  
20 development authority act of 1966, 1966 PA 346, MCL 125.1411.

21 (ii) An area that contains an eligible taxpayer.

22 (h) "Eligible local assessing district" means a city, village,  
23 or township that contains an eligible distressed area or that is a  
24 party to an intergovernmental agreement creating a ~~next~~-NEXT  
25 Michigan development corporation, or a city, village, or township  
26 that meets 1 or more of the following conditions and is located in  
27 a county all or a portion of which borders another state or Canada:

1 (i) Is currently served by not fewer than 4 of the following  
2 existing services:

3 (A) Water.

4 (B) Sewer.

5 (C) Police.

6 (D) Fire.

7 (E) Trash.

8 (F) Recycling.

9 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to  
10 124.30, with a city, village, or township that provides not fewer  
11 than 4 of the following existing services:

12 (A) Water.

13 (B) Sewer.

14 (C) Police.

15 (D) Fire.

16 (E) Trash.

17 (F) Recycling.

18 (i) "Eligible ~~next~~**NEXT** Michigan business" means that term as  
19 defined in section 3 of the Michigan economic growth authority act,  
20 1995 PA 24, MCL 207.803.

21 **(J) "ELIGIBLE PERSONAL PROPERTY" MEANS THAT TERM AS DEFINED IN**  
22 **SECTION 3(E) (ii) OR (iv) OF THE STATE ESSENTIAL SERVICES ASSESSMENT**  
23 **ACT, 2014 PA 92, MCL 211.1053.**

24 **(K) ~~(j)~~**"Eligible taxpayer" means a taxpayer that meets both  
25 of the following conditions:

26 (i) Is an authorized business.

27 (ii) Is eligible for tax credits described in section 9 of the

1 Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

2 (I) ~~(k)~~—"Existing eligible business" means an eligible  
3 business identified in a resolution adopted under subsection (1)  
4 for which an exemption has been granted under this section.

5 (M) ~~(l)~~—"New personal property" means personal property that  
6 was not previously subject to tax under this act or was not  
7 previously placed in service in this state and that is placed in an  
8 eligible district after a resolution under subsection (1) is  
9 approved. As used in this subdivision, for exemptions approved by  
10 the state treasurer under subsection (3) after April 30, 1999, new  
11 personal property does not include buildings described in section  
12 14(6) and personal property described in section 8(h), (i), and  
13 (j). **FOR EXEMPTIONS SUBJECT TO RESOLUTIONS ADOPTED UNDER SUBSECTION**  
14 **(1) AFTER DECEMBER 31, 2014, NEW PERSONAL PROPERTY DOES NOT INCLUDE**  
15 **ELIGIBLE MANUFACTURING PERSONAL PROPERTY.**

16 (N) ~~(m)~~—"Next Michigan development corporation" and "~~next~~**NEXT**  
17 Michigan development district" mean those terms as defined under  
18 the ~~next~~**NEXT** Michigan development act, 2010 PA 275, MCL 125.2951  
19 to 125.2959.

20 Sec. 9m. (1) Beginning December 31, 2015 and each year  
21 thereafter, qualified new personal property for which an exemption  
22 has been properly claimed under subsection (2) is exempt from the  
23 collection of taxes under this act.

24 (2) A person shall claim the exemption under this section by  
25 filing an affidavit with the ~~local tax collecting unit~~ **ASSESSOR OF**  
26 **THE TOWNSHIP OR CITY** in which the qualified new personal property  
27 is located as provided in subsection (3). The affidavit shall be in

1 a form prescribed by the state tax commission. An affidavit  
2 claiming an exemption under this section applies to all existing  
3 and subsequently acquired qualified new personal property. The  
4 ~~local tax collecting unit~~ **ASSESSOR OF THE TOWNSHIP OR CITY** shall  
5 **ANNUALLY** transmit the affidavits filed, or the information  
6 contained in the affidavits filed, under this section, and ~~under~~  
7 ~~section 9n~~ **OTHER PARCEL INFORMATION REQUIRED BY THE DEPARTMENT OF**  
8 **TREASURY**, to the department of treasury in the form and in the  
9 manner prescribed by the department of treasury **NO LATER THAN APRIL**

10 **1. A PERSON CLAIMING AN EXEMPTION UNDER THIS SECTION SHALL RESCIND**  
11 **THE CLAIM OF EXEMPTION BY DECEMBER 31 OF THE YEAR IN WHICH EXEMPTED**  
12 **PROPERTY IS NO LONGER ELIGIBLE FOR THE EXEMPTION BY FILING WITH THE**  
13 **ASSESSOR OF THE TOWNSHIP OR CITY A RESCISSION AFFIDAVIT IN A FORM**  
14 **PRESCRIBED BY THE STATE TAX COMMISSION. THE ASSESSOR OF THE**  
15 **TOWNSHIP OR CITY SHALL ANNUALLY TRANSMIT THE RESCISSION AFFIDAVITS**  
16 **FILED, OR THE INFORMATION CONTAINED IN THE RESCISSION AFFIDAVITS**  
17 **FILED, UNDER THIS SECTION TO THE DEPARTMENT OF TREASURY IN THE FORM**  
18 **AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY NO LATER**  
19 **THAN APRIL 1.**

20 (3) If a person claiming an exemption under this section has  
21 not filed an affidavit under this section in any prior year with  
22 the ~~local tax collecting unit~~ **ASSESSOR OF THE TOWNSHIP OR CITY** in  
23 which the qualified new personal property is located, that person  
24 shall file the affidavit described under subsection (2) with that  
25 ~~local tax collecting unit~~ **ASSESSOR** not later than February ~~10~~ **20** of  
26 the first year for which the person is claiming the exemption for  
27 qualified new personal property in the ~~local tax collecting~~

1 ~~unit.~~TOWNSHIP OR CITY IN A MANNER PROVIDED BY SECTION 7(8) OF THE  
2 STATE ESSENTIAL SERVICES ASSESSMENT ACT, 2014 PA 92, MCL 211.1057.

3 (4) Except for a person claiming an exemption under this  
4 section for personal property that was subject to section 9f or  
5 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit  
6 claiming the exemption under this section is filed as provided in  
7 subsection (3) by February ~~10,~~20, 2016, and the person claiming  
8 the exemption under this section complied with section 19(9) in  
9 2015, or if the filing requirement under section 19(9) was not  
10 applicable because the qualified new personal property was acquired  
11 in 2015, the person claiming the exemption under this section is  
12 not required to file a statement under section 19 for that  
13 qualified new personal property in 2016. Except for a person  
14 claiming an exemption under this section for personal property that  
15 was subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572,  
16 in 2015, if an affidavit claiming the exemption under this section  
17 is filed as provided in subsection (3), beginning in 2017, the  
18 person claiming the exemption under this section is not required to  
19 file a statement under section 19 for qualified new personal  
20 property exempt under this section. For a person claiming an  
21 exemption under this section for personal property that was subject  
22 to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if  
23 an affidavit claiming the exemption under this section is filed as  
24 provided in subsection (3) and the person claiming the exemption  
25 under this section complied with section 19(9) in 2015, the person  
26 claiming the exemption under this section is not required to file a  
27 statement under section 19 for that qualified new personal property

1 in the first year for which that person is claiming an exemption  
2 under this section or in any subsequent year. For a person claiming  
3 an exemption under this section for personal property that was  
4 subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in  
5 2015, if an affidavit claiming the exemption under this section is  
6 filed as provided in subsection (3), but the person claiming the  
7 exemption under this section did not comply with section 19(9) in  
8 2015, the person claiming the exemption under this section shall  
9 file a statement under section 19 for that person's qualified new  
10 personal property in the first year for which that person is  
11 claiming an exemption under this section for qualified new personal  
12 property, but that person is not required to file a statement under  
13 section 19 for that qualified new personal property in any  
14 subsequent year. If the person claiming the exemption under this  
15 section has not filed an affidavit as required under subsection  
16 (2), the personal property for which the person is claiming an  
17 exemption is subject to the collection of taxes under this act and  
18 that person shall file a statement under section 19.

19 (5) If the assessor of the ~~local tax collecting unit~~ **TOWNSHIP**  
20 **OR CITY** believes that personal property for which an affidavit  
21 claiming an exemption is filed under subsection (2) is not  
22 qualified new personal property, the assessor may deny that claim  
23 for exemption by notifying the person that filed the affidavit in  
24 writing of the reason for the denial and advising the person that  
25 the denial may be appealed to the board of review under section 30  
26 or 53b. The assessor may deny a claim for exemption under this  
27 subsection for the current year only. If the assessor denies a

1 claim for exemption, the assessor shall remove the exemption of  
2 that personal property and amend the tax roll to reflect the denial  
3 and the local treasurer shall within 30 days of the date of the  
4 denial issue a corrected tax bill for any additional taxes.

5 (6) A person claiming an exemption for qualified new personal  
6 property exempt under this section shall maintain books and records  
7 and shall provide access to those books and records as provided in  
8 section 22.

9 (7) If a person fraudulently claims an exemption for personal  
10 property under this section, that person is subject to the  
11 penalties provided for in section 21(2).

12 (8) As used in this section:

13 (a) "Affiliated person" means a sole proprietorship,  
14 partnership, limited liability company, corporation, association,  
15 flow-through entity, member of a unitary business group, or other  
16 entity related to a person claiming an exemption under this  
17 section.

18 (b) "Direct integrated support" means any of the following:

19 (i) Research and development related to goods produced in  
20 industrial processing and conducted in furtherance of that  
21 industrial processing.

22 (ii) Testing and quality control functions related to goods  
23 produced in industrial processing and conducted in furtherance of  
24 that industrial processing.

25 (iii) Engineering related to goods produced in industrial  
26 processing and conducted in furtherance of that industrial  
27 processing.

1           (iv) Receiving or storing equipment, materials, supplies,  
2 parts, or components for industrial processing, or scrap materials  
3 or waste resulting from industrial processing, at the industrial  
4 processing site or at another site owned or leased by the owner or  
5 lessee of the industrial processing site.

6           (v) Storing of finished goods inventory if the inventory was  
7 produced by a business engaged primarily in industrial processing  
8 and if the inventory is stored either at the site where it was  
9 produced or at another site owned or leased by the business that  
10 produced the inventory.

11           (vi) Sorting, distributing, or sequencing functions that  
12 optimize transportation and just-in-time inventory management and  
13 material handling for inputs to industrial processing.

14           (c) "Eligible manufacturing personal property" means all  
15 personal property located on occupied real property if that  
16 personal property is predominantly used in industrial processing or  
17 direct integrated support, **EXCEPT THAT FOR PERSONAL PROPERTY THAT**  
18 **IS CONSTRUCTION IN PROGRESS AND PART OF A NEW FACILITY NOT IN**  
19 **OPERATION, ELIGIBLE MANUFACTURING PERSONAL PROPERTY MEANS ALL**  
20 **PERSONAL PROPERTY THAT IS PART OF THAT NEW FACILITY IF THAT**  
21 **PERSONAL PROPERTY WILL BE PREDOMINANTLY USED IN INDUSTRIAL**  
22 **PROCESSING WHEN THE FACILITY BECOMES OPERATIONAL. PERSONAL PROPERTY**  
23 **THAT IS NOT OWNED, LEASED, OR USED BY THE PERSON WHO OWNS OR LEASES**  
24 **OCCUPIED REAL PROPERTY WHERE THE PERSONAL PROPERTY IS LOCATED IS**  
25 **NOT ELIGIBLE MANUFACTURING PERSONAL PROPERTY, UNLESS THE PERSONAL**  
26 **PROPERTY IS LOCATED ON THE OCCUPIED REAL PROPERTY TO CARRY ON A**  
27 **CURRENT ON-SITE BUSINESS ACTIVITY. PERSONAL PROPERTY THAT IS PLACED**



1 ON OCCUPIED REAL PROPERTY SOLELY TO QUALIFY THE PERSONAL PROPERTY  
2 FOR AN EXEMPTION UNDER THIS SECTION OR SECTION 9N IS NOT ELIGIBLE  
3 MANUFACTURING PERSONAL PROPERTY. Personal property located on  
4 occupied real property is predominantly used in industrial  
5 processing or direct integrated support if the result of the  
6 following calculation is more than 50%:

7 (i) Multiply the original cost of all personal property **THAT**  
8 **IS SUBJECT TO THE COLLECTION OF TAXES UNDER THIS ACT AND ALL**  
9 **PERSONAL PROPERTY THAT IS EXEMPT FROM THE COLLECTION OF TAXES UNDER**  
10 **SECTIONS 7K, 9B, 9F, 9N, AND 9O AND THIS SECTION THAT IS** located on  
11 that occupied real property **AND THAT IS NOT CONSTRUCTION IN**  
12 **PROGRESS** by its percentage of use in industrial processing or in  
13 direct integrated support. Personal property is used in industrial  
14 processing if it is not used to generate, transmit, or distribute  
15 electricity for sale, if it is not utility personal property as  
16 described in section 34c(3)(e), and if its purchase or use by the  
17 person claiming the exemption would be eligible for exemption under  
18 section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t,  
19 or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. For an  
20 item of personal property that is used in industrial processing,  
21 its percentage of use in industrial processing shall equal the  
22 percentage of the exemption the property would be eligible for  
23 under section 4t of the general sales tax act, 1933 PA 167, MCL  
24 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.  
25 Utility personal property as described in section 34c(3)(e) is not  
26 used in direct integrated support.

27 (ii) Divide the result of the calculation under subparagraph

1 (i) by the total original cost of all personal property **THAT IS**  
2 **SUBJECT TO THE COLLECTION OF TAXES UNDER THIS ACT AND ALL PERSONAL**  
3 **PROPERTY THAT IS EXEMPT FROM THE COLLECTION OF TAXES UNDER SECTIONS**  
4 **7K, 9B, 9F, 9N, AND 9O AND THIS SECTION THAT IS** located on that  
5 occupied real property **AND THAT IS NOT CONSTRUCTION IN PROGRESS.**

6 (d) "Industrial processing" means that term as defined in  
7 section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t,  
8 or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.

9 Industrial processing does not include the generation,  
10 transmission, or distribution of electricity for sale.

11 (e) "New personal property" means property that was initially  
12 placed in service in this state or outside of this state after  
13 December 31, 2012 **OR THAT WAS CONSTRUCTION IN PROGRESS ON OR AFTER**  
14 **DECEMBER 31, 2012 THAT HAD NOT BEEN PLACED IN SERVICE IN THIS STATE**  
15 **OR OUTSIDE OF THIS STATE BEFORE 2013.**

16 (f) "Occupied real property" means all of the following:

17 (i) A parcel of real property that is entirely owned, leased,  
18 or otherwise occupied by a person claiming an exemption under this  
19 section **OR UNDER SECTION 9N.**

20 (ii) Contiguous parcels of real property that are entirely  
21 owned, leased, or otherwise occupied by a person claiming an  
22 exemption under this section **OR UNDER SECTION 9N** and that host a  
23 single, integrated business operation engaged primarily in  
24 industrial processing, direct integrated support, or both. A  
25 business operation is not engaged primarily in industrial  
26 processing, direct integrated support, or both if it engages in  
27 significant business activities that are not directly related to

1 industrial processing or direct integrated support.

2 (iii) The portion of a parcel of real property that is owned,  
3 leased, or otherwise occupied by a person claiming the exemption  
4 **UNDER THIS SECTION OR UNDER SECTION 9N** or by an affiliated person.

5 (g) "Original cost" means the fair market value of ~~eligible~~  
6 ~~manufacturing personal property~~ at the time of acquisition by the  
7 ~~current~~ **FIRST** owner. There is a rebuttable presumption that the  
8 acquisition price paid by the ~~current~~ **FIRST** owner for ~~eligible~~  
9 ~~manufacturing personal property~~ reflects the ~~fair market value~~  
10 **ORIGINAL COST** of that ~~eligible manufacturing personal property~~. The  
11 ~~department~~ **STATE TAX COMMISSION** may provide guidelines for **1 OR**  
12 **MORE OF THE FOLLOWING** circumstances: ~~in which the actual~~  
13 ~~acquisition cost of eligible manufacturing personal property is not~~  
14 ~~determinative of the fair market value of that eligible~~  
15 ~~manufacturing personal property and for the basis of determining~~  
16 ~~fair market value of eligible manufacturing personal property in~~  
17 ~~those circumstances.~~

18 (i) **DETERMINING ORIGINAL COST OF PERSONAL PROPERTY WHEN THE**  
19 **ACTUAL ACQUISITION PRICE PAID BY THE FIRST OWNER FOR PERSONAL**  
20 **PROPERTY IS NOT DETERMINATIVE OF THE ORIGINAL COST OF THAT PERSONAL**  
21 **PROPERTY.**

22 (ii) **ESTIMATING ORIGINAL COST OF PERSONAL PROPERTY WHEN THE**  
23 **ACTUAL ACQUISITION PRICE PAID BY THE FIRST OWNER FOR THE PERSONAL**  
24 **PROPERTY IS UNKNOWN.**

25 (iii) **ADJUSTING ORIGINAL COST OF PERSONAL PROPERTY WHEN THE**  
26 **PERSONAL PROPERTY IS IDLE, IS OBSOLETE OR HAS MATERIAL**  
27 **OBSOLESCENCE, OR IS SURPLUS.**

1           (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,  
2 ASSOCIATION, LIMITED LIABILITY COMPANY, OR ANY OTHER LEGAL ENTITY.

3           (I) ~~(h)~~—"Qualified new personal property" means property that  
4 meets all of the following conditions:

5           (i) Is eligible manufacturing personal property.

6           (ii) Is new personal property.

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

11           (2) A person shall claim the exemption under this section by  
12 filing an affidavit with the ~~local tax collecting unit~~ **ASSESSOR OF**  
13 **THE TOWNSHIP OR CITY** in which the qualified previously existing  
14 personal property is located as provided in subsection (3). The  
15 affidavit shall be in a form prescribed by the state tax  
16 commission. ~~A person claiming an exemption for previously existing~~  
17 ~~personal property is only required to file the affidavit claiming~~  
18 ~~the exemption under this section for the first year for which the~~  
19 ~~exemption for that qualified previously existing personal property~~  
20 ~~is claimed in the local tax collecting unit.~~ **AN AFFIDAVIT CLAIMING**  
21 **AN EXEMPTION UNDER THIS SECTION APPLIES TO ALL EXISTING AND**  
22 **SUBSEQUENTLY ACQUIRED QUALIFIED PREVIOUSLY EXISTING PERSONAL**  
23 **PROPERTY. THE ASSESSOR OF THE TOWNSHIP OR CITY SHALL ANNUALLY**  
24 **TRANSMIT THE AFFIDAVITS FILED, OR THE INFORMATION CONTAINED IN THE**  
25 **AFFIDAVITS FILED, UNDER THIS SECTION, AND OTHER PARCEL INFORMATION**  
26 **REQUIRED BY THE DEPARTMENT OF TREASURY, TO THE DEPARTMENT OF**  
27 **TREASURY IN THE FORM AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT**

1 OF TREASURY NO LATER THAN APRIL 1. A PERSON CLAIMING AN EXEMPTION  
2 UNDER THIS SECTION SHALL RESCIND THE CLAIM OF EXEMPTION BY DECEMBER  
3 31 OF THE YEAR IN WHICH EXEMPTED PROPERTY IS NO LONGER ELIGIBLE FOR  
4 THE EXEMPTION BY FILING WITH THE ASSESSOR OF THE TOWNSHIP OR CITY A  
5 RESCISSION AFFIDAVIT IN A FORM PRESCRIBED BY THE STATE TAX  
6 COMMISSION. THE ASSESSOR OF THE TOWNSHIP OR CITY SHALL ANNUALLY  
7 TRANSMIT THE RESCISSION AFFIDAVITS FILED, OR THE INFORMATION  
8 CONTAINED IN THE RESCISSION AFFIDAVITS FILED, UNDER THIS SECTION TO  
9 THE DEPARTMENT OF TREASURY IN THE FORM AND IN THE MANNER PRESCRIBED  
10 BY THE DEPARTMENT OF TREASURY NO LATER THAN APRIL 1.

11 (3) If a person claiming an exemption under this section has  
12 not filed an affidavit under this section in any prior year with  
13 the ~~local tax collecting unit~~ **ASSESSOR OF THE TOWNSHIP OR CITY** in  
14 which the qualified previously existing personal property is  
15 located claiming an exemption for that qualified previously  
16 existing personal property, that person shall file the affidavit  
17 described under subsection (2) with that ~~local tax collecting unit~~  
18 **ASSESSOR** not later than February ~~10~~ **20** of the first year for which  
19 the person is claiming the exemption for that qualified previously  
20 existing personal property in the ~~local tax collecting unit~~.  
21 **TOWNSHIP OR CITY IN A MANNER PROVIDED BY SECTION 7(8) OF THE STATE**  
22 **ESSENTIAL SERVICES ASSESSMENT ACT, 2014 PA 92, MCL 211.1057.** If an  
23 affidavit claiming the exemption for qualified previously existing  
24 personal property under this section is filed as provided in this  
25 subsection and the person claiming an exemption for that qualified  
26 previously existing personal property complied with section 19(9)  
27 with respect to that qualified previously existing personal

1 property in 2015, or if the filing requirement under section 19(9)  
2 was not applicable because the qualified previously existing  
3 personal property was acquired in 2015 or later, the person  
4 claiming the exemption under this section is not required to also  
5 file a statement under section 19 for that qualified previously  
6 existing personal property in the first year for which the  
7 exemption is claimed or in any subsequent year. If an affidavit  
8 claiming the exemption for qualified previously existing personal  
9 property under this section is filed as provided in this subsection  
10 but the person claiming the exemption under this section did not  
11 comply with section 19(9) with respect to that qualified previously  
12 existing personal property in 2015, the person claiming the  
13 exemption under this section shall file a statement under section  
14 19 for that qualified previously existing personal property in the  
15 first year for which the person is claiming an exemption for that  
16 qualified previously existing personal property, but the person is  
17 not required to file a statement under section 19 for that  
18 qualified previously existing personal property in any subsequent  
19 year. If a person claiming an exemption for qualified previously  
20 existing personal property has not filed an affidavit as required  
21 under this section, that person's qualified previously existing  
22 personal property is subject to the collection of taxes under this  
23 act and that person shall file a statement under section 19.

24 (4) If the assessor of the ~~local tax collecting unit~~ **TOWNSHIP**  
25 **OR CITY** believes that personal property for which an affidavit  
26 claiming an exemption is filed under subsection (2) is not  
27 qualified previously existing personal property, the assessor may

1 deny that claim for exemption by notifying the person that filed  
2 the affidavit in writing of the reason for the denial and advising  
3 the person that the denial may be appealed to the board of review  
4 under section 30 or 53b. The assessor may deny a claim for  
5 exemption under this subsection for the current year only. If the  
6 assessor denies a claim for exemption, the assessor shall remove  
7 the exemption of that personal property and amend the tax roll to  
8 reflect the denial and the local treasurer shall within 30 days of  
9 the date of the denial issue a corrected tax bill for any  
10 additional taxes.

11 (5) A person claiming an exemption for qualified previously  
12 existing personal property exempt under this section shall maintain  
13 books and records and shall provide access to those books and  
14 records as provided in section 22.

15 (6) If a person fraudulently claims an exemption for personal  
16 property under this section, that person is subject to the  
17 penalties provided for in section 21(2).

18 (7) As used in this section:

19 (a) "Direct integrated support", "eligible manufacturing  
20 personal property", and "industrial processing" mean those terms as  
21 defined in section 9m.

22 **(B) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,**  
23 **ASSOCIATION, LIMITED LIABILITY COMPANY, OR ANY OTHER LEGAL ENTITY.**

24 **(C) ~~(b)~~—"Qualified previously existing personal property"**  
25 **means personal property that meets ~~all~~—BOTH of the following**  
26 **conditions:**

27 **(i) Is eligible manufacturing personal property.**

1           (ii) ~~Meets any of the following conditions:~~ **WAS FIRST PLACED IN**  
2 **SERVICE WITHIN THIS STATE OR OUTSIDE THIS STATE MORE THAN 10 YEARS**  
3 **BEFORE THE CURRENT CALENDAR YEAR.**

4           ~~—— (A) Has been subject to or exempt from the collection of taxes~~  
5 ~~under this act for the immediately preceding 10 years.~~

6           ~~—— (B) If that personal property was located both outside of and~~  
7 ~~within this state in the immediately preceding 10 years, that~~  
8 ~~personal property was subject to or exempt from the collection of~~  
9 ~~taxes under this act, or would have been subject to or exempt from~~  
10 ~~the collection of taxes under this act if located in this state,~~  
11 ~~for the immediately preceding 10 years.~~

12           ~~—— (C) If that personal property was located outside of this~~  
13 ~~state in the immediately preceding 10 years, that personal property~~  
14 ~~would have been subject to or exempt from the collection of taxes~~  
15 ~~under this act for the immediately preceding 10 years if that~~  
16 ~~personal property had been located in this state.~~