

**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

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

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

26 (3) Not more than 60 days after receipt of a copy of the
27 resolution adopted by the governing body of an eligible local

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

24 (4) A ~~next~~**NEXT** Michigan development corporation may only
25 adopt a resolution under subsection (1) exempting new personal
26 property from the collection of taxes under this act for new
27 personal property located in a ~~next~~**NEXT** Michigan development

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

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

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

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

25 (6) After December 31, 2007, an exemption for an existing
26 eligible business shall continue in effect for an acquiring
27 eligible business under subsection (5) only if the continuation of

1 the exemption is approved in a resolution adopted by the governing
2 body of an eligible local assessing district or the board of a ~~next~~
3 **NEXT** Michigan development corporation in which the eligible local
4 assessing district is a constituent member.

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

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

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

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

1 (a) The date that eligible manufacturing personal property
2 would otherwise be exempt from the collection of taxes under this
3 act under section 9m, 9n, or 9o.

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

6 ~~(9) If either House Bill No. 6026 of the 96th Legislature,~~
7 ~~2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is~~
8 ~~presented to the qualified electors of this state at an election to~~
9 ~~be held on the August regular election date in 2014 and the bill~~
10 ~~presented is not approved by a majority of the qualified electors~~
11 ~~of this state voting on the question, subsection (8) shall not~~
12 ~~apply after the date of that election.~~**AN ELIGIBLE BUSINESS THAT**
13 **OWNS OR LEASES NEW PERSONAL PROPERTY THAT IS EXEMPT UNDER THIS**
14 **SECTION AND THAT IS ELIGIBLE PERSONAL PROPERTY SHALL FILE AN**
15 **AFFIDAVIT WITH THE ASSESSOR OF THE TOWNSHIP OR CITY IN WHICH THE**
16 **ELIGIBLE PERSONAL PROPERTY IS LOCATED NOT LATER THAN FEBRUARY 10 OF**
17 **THE FIRST YEAR THAT THE NEW PERSONAL PROPERTY IS ELIGIBLE PERSONAL**
18 **PROPERTY. THE AFFIDAVIT SHALL INDICATE THAT THE NEW PERSONAL**
19 **PROPERTY IS ELIGIBLE PERSONAL PROPERTY. THE AFFIDAVIT SHALL BE IN A**
20 **FORM PRESCRIBED BY THE STATE TAX COMMISSION.**

21 (10) As used in this section:

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

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

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

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

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

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

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

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

21 (ii) Meets 1 of the following conditions:

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

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

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

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

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

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

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

26 (iii) An enterprise zone as that term is defined in the
27 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

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

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

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

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

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

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

16 (x) A ~~next~~**NEXT** Michigan development district.

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

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

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

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

27 (i) Is currently served by not fewer than 4 of the following

1 existing services:

2 (A) Water.

3 (B) Sewer.

4 (C) Police.

5 (D) Fire.

6 (E) Trash.

7 (F) Recycling.

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

11 (A) Water.

12 (B) Sewer.

13 (C) Police.

14 (D) Fire.

15 (E) Trash.

16 (F) Recycling.

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

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

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

25 (i) Is an authorized business.

26 (ii) Is eligible for tax credits described in section 9 of the
27 Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

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

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

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

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

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

1 claiming an exemption under this section applies to all existing
2 and subsequently acquired qualified new personal property. The
3 ~~local tax collecting unit~~ **ASSESSOR OF THE TOWNSHIP OR CITY** shall
4 **ANNUALLY** transmit the affidavits filed, or the information
5 contained in the affidavits filed, under this section, and ~~under~~
6 ~~section 9n~~ **OTHER PARCEL INFORMATION REQUIRED BY THE DEPARTMENT OF**
7 **TREASURY**, to the department of treasury in the form and in the
8 manner prescribed by the department of treasury **NO LATER THAN APRIL**
9 **1. A PERSON CLAIMING AN EXEMPTION UNDER THIS SECTION SHALL RESCIND**
10 **THE CLAIM OF EXEMPTION BY DECEMBER 31 OF THE YEAR IN WHICH EXEMPTED**
11 **PROPERTY IS NO LONGER ELIGIBLE FOR THE EXEMPTION BY FILING WITH THE**
12 **ASSESSOR OF THE TOWNSHIP OR CITY A RESCISSION AFFIDAVIT IN A FORM**
13 **PRESCRIBED BY THE STATE TAX COMMISSION. THE ASSESSOR OF THE**
14 **TOWNSHIP OR CITY SHALL ANNUALLY TRANSMIT THE RESCISSION AFFIDAVITS**
15 **FILED, OR THE INFORMATION CONTAINED IN THE RESCISSION AFFIDAVITS**
16 **FILED, UNDER THIS SECTION TO THE DEPARTMENT OF TREASURY IN THE FORM**
17 **AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY NO LATER**
18 **THAN APRIL 1.**

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

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

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

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

1 and the local treasurer shall within 30 days of the date of the
2 denial issue a corrected tax bill for any additional taxes.

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

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

10 (8) As used in this section:

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

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

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

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

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

26 (iv) Receiving or storing equipment, materials, supplies,
27 parts, or components for industrial processing, or scrap materials

1 or waste resulting from industrial processing, at the industrial
2 processing site or at another site owned or leased by the owner or
3 lessee of the industrial processing site.

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

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

12 (c) "Eligible manufacturing personal property" means all
13 personal property located on occupied real property if that
14 personal property is predominantly used in industrial processing or
15 direct integrated support, **EXCEPT THAT FOR PERSONAL PROPERTY THAT**
16 **IS CONSTRUCTION IN PROGRESS AND PART OF A NEW FACILITY NOT IN**
17 **OPERATION, ELIGIBLE MANUFACTURING PERSONAL PROPERTY MEANS ALL**
18 **PERSONAL PROPERTY THAT IS PART OF THAT NEW FACILITY IF THAT**
19 **PERSONAL PROPERTY WILL BE PREDOMINANTLY USED IN INDUSTRIAL**
20 **PROCESSING WHEN THE FACILITY BECOMES OPERATIONAL. PERSONAL PROPERTY**
21 **THAT IS NOT OWNED, LEASED, OR USED BY THE PERSON WHO OWNS OR LEASES**
22 **OCCUPIED REAL PROPERTY WHERE THE PERSONAL PROPERTY IS LOCATED IS**
23 **NOT ELIGIBLE MANUFACTURING PERSONAL PROPERTY, UNLESS THE PERSONAL**
24 **PROPERTY IS LOCATED ON THE OCCUPIED REAL PROPERTY TO CARRY ON A**
25 **CURRENT ON-SITE BUSINESS ACTIVITY. PERSONAL PROPERTY THAT IS PLACED**
26 **ON OCCUPIED REAL PROPERTY SOLELY TO QUALIFY THE PERSONAL PROPERTY**
27 **FOR AN EXEMPTION UNDER THIS SECTION OR SECTION 9N IS NOT ELIGIBLE**

1 **MANUFACTURING PERSONAL PROPERTY.** Personal property located on
2 occupied real property is predominantly used in industrial
3 processing or direct integrated support if the result of the
4 following calculation is more than 50%:

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

25 (ii) Divide the result of the calculation under subparagraph
26 (i) by the total original cost of all personal property **THAT IS**
27 **SUBJECT TO THE COLLECTION OF TAXES UNDER THIS ACT AND ALL PERSONAL**

1 **PROPERTY THAT IS EXEMPT FROM THE COLLECTION OF TAXES UNDER SECTIONS**
2 **7K, 9F, 9N, AND 9O AND THIS SECTION THAT IS** located on that
3 occupied real property **AND THAT IS NOT CONSTRUCTION IN PROGRESS.**

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

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

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

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

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

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

27 (iii) The portion of a parcel of real property that is owned,

1 leased, or otherwise occupied by a person claiming the exemption
2 **UNDER THIS SECTION OR UNDER SECTION 9N** or by an affiliated person.

3 (g) "Original cost" means the fair market value of eligible
4 manufacturing personal property at the time of acquisition by the
5 ~~current~~**FIRST** owner. There is a rebuttable presumption that the
6 acquisition price paid by the ~~current~~**FIRST** owner for eligible
7 manufacturing personal property reflects the fair market value of
8 that eligible manufacturing personal property. The department may
9 provide guidelines for circumstances in which the actual
10 acquisition cost of eligible manufacturing personal property is not
11 determinative of the fair market value of that eligible
12 manufacturing personal property and for the basis of determining
13 fair market value of eligible manufacturing personal property in
14 those circumstances.

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

17 (I) ~~(h)~~"Qualified new personal property" means property that
18 meets all of the following conditions:

19 (i) Is eligible manufacturing personal property.

20 (ii) Is new personal property.

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

25 (2) A person shall claim the exemption under this section by
26 filing an affidavit with the ~~local tax collecting unit~~**ASSESSOR OF**
27 **THE TOWNSHIP OR CITY** in which the qualified previously existing

1 personal property is located as provided in subsection (3). The
2 affidavit shall be in a form prescribed by the state tax
3 commission. ~~A person claiming an exemption for previously existing~~
4 ~~personal property is only required to file the affidavit claiming~~
5 ~~the exemption under this section for the first year for which the~~
6 ~~exemption for that qualified previously existing personal property~~
7 ~~is claimed in the local tax collecting unit.~~ **AN AFFIDAVIT CLAIMING**
8 **AN EXEMPTION UNDER THIS SECTION APPLIES TO ALL EXISTING AND**
9 **SUBSEQUENTLY ACQUIRED QUALIFIED PREVIOUSLY EXISTING PERSONAL**
10 **PROPERTY. THE ASSESSOR OF THE TOWNSHIP OR CITY SHALL ANNUALLY**
11 **TRANSMIT THE AFFIDAVITS FILED, OR THE INFORMATION CONTAINED IN THE**
12 **AFFIDAVITS FILED, UNDER THIS SECTION, AND OTHER PARCEL INFORMATION**
13 **REQUIRED BY THE DEPARTMENT OF TREASURY, TO THE DEPARTMENT OF**
14 **TREASURY IN THE FORM AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT**
15 **OF TREASURY NO LATER THAN APRIL 1. A PERSON CLAIMING AN EXEMPTION**
16 **UNDER THIS SECTION SHALL RESCIND THE CLAIM OF EXEMPTION BY DECEMBER**
17 **31 OF THE YEAR IN WHICH EXEMPTED PROPERTY IS NO LONGER ELIGIBLE FOR**
18 **THE EXEMPTION BY FILING WITH THE ASSESSOR OF THE TOWNSHIP OR CITY A**
19 **RESCISSION AFFIDAVIT IN A FORM PRESCRIBED BY THE STATE TAX**
20 **COMMISSION. THE ASSESSOR OF THE TOWNSHIP OR CITY SHALL ANNUALLY**
21 **TRANSMIT THE RESCISSION AFFIDAVITS FILED, OR THE INFORMATION**
22 **CONTAINED IN THE RESCISSION AFFIDAVITS FILED, UNDER THIS SECTION TO**
23 **THE DEPARTMENT OF TREASURY IN THE FORM AND IN THE MANNER PRESCRIBED**
24 **BY THE DEPARTMENT OF TREASURY NO LATER THAN APRIL 1.**

25 (3) If a person claiming an exemption under this section has
26 not filed an affidavit under this section in any prior year with
27 the ~~local tax collecting unit~~ **ASSESSOR OF THE TOWNSHIP OR CITY** in

1 which the qualified previously existing personal property is
2 located claiming an exemption for that qualified previously
3 existing personal property, that person shall file the affidavit
4 described under subsection (2) with that ~~local tax collecting unit~~
5 **ASSESSOR** not later than February 10 of the first year for which the
6 person is claiming the exemption for that qualified previously
7 existing personal property in the ~~local tax collecting unit.~~
8 **TOWNSHIP OR CITY.** If an affidavit claiming the exemption for
9 qualified previously existing personal property under this section
10 is filed as provided in this subsection and the person claiming an
11 exemption for that qualified previously existing personal property
12 complied with section 19(9) with respect to that qualified
13 previously existing personal property in 2015, or if the filing
14 requirement under section 19(9) was not applicable because the
15 qualified previously existing personal property was acquired in
16 2015 or later, the person claiming the exemption under this section
17 is not required to also file a statement under section 19 for that
18 qualified previously existing personal property in the first year
19 for which the exemption is claimed or in any subsequent year. If an
20 affidavit claiming the exemption for qualified previously existing
21 personal property under this section is filed as provided in this
22 subsection but the person claiming the exemption under this section
23 did not comply with section 19(9) with respect to that qualified
24 previously existing personal property in 2015, the person claiming
25 the exemption under this section shall file a statement under
26 section 19 for that qualified previously existing personal property
27 in the first year for which the person is claiming an exemption for

1 that qualified previously existing personal property, but the
2 person is not required to file a statement under section 19 for
3 that qualified previously existing personal property in any
4 subsequent year. If a person claiming an exemption for qualified
5 previously existing personal property has not filed an affidavit as
6 required under this section, that person's qualified previously
7 existing personal property is subject to the collection of taxes
8 under this act and that person shall file a statement under section
9 19.

10 (4) If the assessor of the ~~local tax collecting unit~~ **TOWNSHIP**
11 **OR CITY** believes that personal property for which an affidavit
12 claiming an exemption is filed under subsection (2) is not
13 qualified previously existing personal property, the assessor may
14 deny that claim for exemption by notifying the person that filed
15 the affidavit in writing of the reason for the denial and advising
16 the person that the denial may be appealed to the board of review
17 under section 30 or 53b. The assessor may deny a claim for
18 exemption under this subsection for the current year only. If the
19 assessor denies a claim for exemption, the assessor shall remove
20 the exemption of that personal property and amend the tax roll to
21 reflect the denial and the local treasurer shall within 30 days of
22 the date of the denial issue a corrected tax bill for any
23 additional taxes.

24 (5) 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.

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

4 (7) As used in this section:

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

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

10 (C) ~~(b)~~—"Qualified previously existing personal property"
 11 means personal property that meets ~~all~~**BOTH** of the following
 12 conditions:

13 (i) Is eligible manufacturing personal property.

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

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

19 ~~—— (B) If that personal property was located both outside of and~~
 20 ~~within this state in the immediately preceding 10 years, that~~
 21 ~~personal property was subject to or exempt from the collection of~~
 22 ~~taxes under this act, or would have been subject to or exempt from~~
 23 ~~the collection of taxes under this act if located in this state,~~
 24 ~~for the immediately preceding 10 years.~~

25 ~~—— (C) If that personal property was located outside of this~~
 26 ~~state in the immediately preceding 10 years, that personal property~~
 27 ~~would have been subject to or exempt from the collection of taxes~~

- 1 ~~under this act for the immediately preceding 10 years if that~~
- 2 ~~personal property had been located in this state.~~