

# SENATE BILL NO. 806

January 12, 2022, Introduced by Senator MACDONALD and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 9m and 9n (MCL 211.9m and 211.9n), as amended  
by 2017 PA 261.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

5       (2) A person shall claim the exemption under this section and

1 section 9n by filing each year a combined document that includes:  
2 the form to claim the exemption under this section and section 9n,  
3 a report of the fair market value and year of acquisition by the  
4 first owner of qualified new personal property, and for any year  
5 before 2023, a statement under section 19. All of the following  
6 apply to a claim of the exemption under this section:

7 (a) The combined document ~~shall~~**must** be in a form and manner  
8 prescribed by the department of treasury.

9 (b) Leasing companies are not eligible to receive the  
10 exemption under this section and may not use the combined document  
11 prescribed in this section. With respect to personal property that  
12 is the subject of a lease agreement, regardless of whether the  
13 agreement constitutes a lease for financial or tax purposes, all of  
14 the following apply:

15 (i) If the personal property is eligible manufacturing personal  
16 property, the lessee and lessor may elect that the lessee report  
17 the leased personal property on the combined document.

18 (ii) An election made by the lessee and the lessor under this  
19 subdivision ~~shall~~**must** be made in a form and manner approved by the  
20 department.

21 (iii) Absent an election, the personal property ~~shall~~**must** be  
22 reported by the lessor on the personal property statement unless  
23 the exemption for eligible manufacturing personal property is  
24 claimed by the lessee on the combined document.

25 (c) The combined document prescribed in this section ~~shall~~  
26 **must** be completed and delivered to the assessor of the township or  
27 city in which the qualified new personal property is located by  
28 February 20 of each year. However, if February 20 of a year is a  
29 Saturday, Sunday, or legal holiday, the delivery deadline for that

1 year is the next day that is not a Saturday, Sunday, or legal  
2 holiday. For purposes of a combined document delivered by the  
3 United States Postal Service, the delivery is timely if the  
4 postmark date is on or before the delivery deadline prescribed in  
5 this subdivision. If the combined document prescribed in this  
6 section is not timely delivered to the assessor of the township or  
7 city, a late application may be filed directly with the March board  
8 of review before its final adjournment by submitting the combined  
9 document prescribed in this section. The board of review shall not  
10 accept a filing after adjournment of its March meeting. An appeal  
11 of a denial by the March board of review may be made by filing a  
12 petition with the Michigan tax tribunal within 35 days of the  
13 denial notice.

14 (d) The assessor shall transmit to the department of treasury  
15 the information contained in the combined document filed under this  
16 section, and other parcel information required by the department of  
17 treasury, in the form and manner prescribed by the department of  
18 treasury by no later than April 1.

19 (e) A person claiming an exemption under this section shall  
20 rescind the claim of exemption by December 31 of the year in which  
21 exempted property is no longer eligible for the exemption by filing  
22 with the assessor of the township or city a rescission affidavit in  
23 a form prescribed by the department of treasury.

24 (f) The assessor of the township or city shall annually  
25 transmit the rescission affidavits filed, or the information  
26 contained in the rescission affidavits filed, under this section to  
27 the department of treasury in the form and in the manner prescribed  
28 by the department of treasury no later than April 1.

29 (3) If the assessor of the township or city believes that

1 personal property for which the form claiming an exemption is  
2 timely filed each year under subsection (2)(c) is not qualified new  
3 personal property or the form filed was incomplete, the assessor  
4 may deny that claim for exemption by notifying the person that  
5 filed the form in writing of the reason for the denial and advising  
6 the person that the denial ~~shall~~**must** be appealed to the board of  
7 review under section 30 by filing a combined document as prescribed  
8 under subsection (2). If the denial is issued after the first  
9 meeting of the March board of review that follows the  
10 organizational meeting, the appeal of the denial is either to the  
11 March board of review or the Michigan tax tribunal by filing a  
12 petition and a completed combined document as prescribed under  
13 subsection (2), within 35 days of the denial notice. The assessor  
14 may deny a claim for exemption under this subsection for the  
15 current year only. If the assessor denies a claim for exemption,  
16 the assessor shall remove the exemption of that personal property  
17 and amend the tax roll to reflect the denial and the local  
18 treasurer shall within 30 days of the date of the denial issue a  
19 corrected tax bill for any additional taxes.

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

24 (5) If a person fraudulently claims an exemption for personal  
25 property under this section, that person is subject to the  
26 penalties provided for in section 21(2).

27 ~~(6) For 2016 only, if an owner of qualified new personal~~  
28 ~~property did not file form 5278 by February 22, 2016 or filed an~~  
29 ~~incomplete form 5278 by February 22, 2016 to claim the exemption~~

~~under this section with the assessor of the city or township in which the qualified new personal property is located, that owner may file form 5278 with the assessor of the city or township in which the qualified new personal property is located no later than May 31, 2016. If the assessor determines that the property qualifies for the exemption under this section, the assessor shall immediately amend the assessment roll to reflect the exemption. The assessor of the township or city shall transmit the affidavits filed, or the information contained in the affidavits filed, under this section, and other parcel information required by the department of treasury, to the department of treasury in the form and in the manner prescribed by the department of treasury no later than June 7, 2016. The owner shall still be required to meet all deadlines required under section 7 of the state essential services assessment act, 2014 PA 92, MCL 211.1057. If the assessor of the township or city believes that personal property for which an affidavit claiming an exemption filed under this subsection by May 31, 2016 is not qualified new personal property, the assessor may deny that claim for exemption by notifying the person that filed the affidavit in writing of the reason for the denial and advising the person that the denial may be appealed to the Michigan tax tribunal within 35 days of the date of the denial.~~

~~(7) For 2017 only, if an owner of qualified new personal property did not file the combined document by February 21, 2017 to claim the exemption under this section with the assessor of the city or township in which the qualified new personal property is located, that owner may file the combined document with the assessor of the city or township in which the qualified new personal property is located no later than May 31, 2017. If the~~

~~assessor determines that the property qualifies for the exemption under this section, the assessor shall immediately amend the assessment roll to reflect the exemption. The assessor of the township or city shall transmit the combined document filed, or the information contained in the combined document filed, under this section, and other parcel information required by the department of treasury, to the department of treasury in the form and in the manner prescribed by the department of treasury no later than June 9, 2017. The owner shall still meet all deadlines required under section 7 of the state essential services assessment act, 2014 PA 92, MCL 211.1057. If the assessor of the township or city believes that personal property for which a combined document claiming an exemption filed under this subsection by May 31, 2017 is not qualified new personal property, the assessor may deny that claim for exemption by notifying the person that filed the combined document in writing of the reason for the denial and advising the person that the denial may be appealed to the Michigan tax tribunal within 35 days of the date of the denial.~~

**(6) For 2021 only, if by March 30, 2021, a combined document was not properly filed to claim the exemption under this section, the property owner may file the combined document with the assessor of the city or township in which the qualified new personal property is located no later than 30 days after the effective date of the amendatory act that added this sentence. If the assessor determines that the property qualifies for the exemption under this section, the assessor shall promptly amend the assessment roll to reflect the exemption and notify the treasurer in possession of the tax roll. If an exemption granted under this subsection results in an overpayment of tax, the refund, including any interest paid,**

1 must be made to the taxpayer within 30 days of the notice. A refund  
2 must be without interest. The treasurer in possession of the  
3 appropriate tax roll shall deduct the refund from each applicable  
4 taxing unit's subsequent distribution of taxes. No later than 60  
5 days after the effective date of the amendatory act that added this  
6 sentence, the assessor of the city or township shall transmit the  
7 combined document filed under this subsection, and other parcel  
8 information required by the department of treasury, to the  
9 department of treasury, in the form and in the manner prescribed by  
10 the department. If the assessor of the city or township believes  
11 that personal property for which a combined document claiming an  
12 exemption timely filed under this subsection is not qualified new  
13 personal property, the assessor may deny that claim for exemption  
14 by notifying the person that filed the combined document in writing  
15 of the reason for the denial and advising the person that the  
16 denial may be appealed to the Michigan tax tribunal within 35 days  
17 of the date of the denial.

18 (7) ~~(8)~~—As used in this section:

19 (a) "Affiliated person" means a sole proprietorship,  
20 partnership, limited liability company, corporation, association,  
21 flow-through entity, member of a unitary business group, or other  
22 entity related to a person claiming an exemption under this  
23 section.

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

25 (i) Research and development related to goods produced in  
26 industrial processing and conducted in furtherance of that  
27 industrial processing.

28 (ii) Testing and quality control functions related to goods  
29 produced in industrial processing and conducted in furtherance of

1 that industrial processing.

2 (iii) Engineering related to goods produced in industrial  
3 processing and conducted in furtherance of that industrial  
4 processing.

5 (iv) Receiving or storing equipment, materials, supplies,  
6 parts, or components for industrial processing, or scrap materials  
7 or waste resulting from industrial processing, at the industrial  
8 processing site or at another site owned or leased by the owner or  
9 lessee of the industrial processing site.

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

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

18 (c) "Eligible manufacturing personal property" means all  
19 personal property located on occupied real property if that  
20 personal property is predominantly used in industrial processing or  
21 direct integrated support. For personal property that is  
22 construction in progress and part of a new facility not in  
23 operation, eligible manufacturing personal property means all  
24 personal property that is part of that new facility if that  
25 personal property will be predominantly used in industrial  
26 processing when the facility becomes operational. Personal property  
27 that is not owned, leased, or used by the person who owns or leases  
28 occupied real property where the personal property is located is  
29 not eligible manufacturing personal property, unless the personal



1 property is located on the occupied real property to carry on a  
2 current on-site business activity. Personal property that is placed  
3 on occupied real property solely to qualify the personal property  
4 for an exemption under this section or section 9n is not eligible  
5 manufacturing personal property. Utility personal property as  
6 described in section 34c(3)(e) and personal property used in the  
7 generation, transmission, or distribution of electricity for sale  
8 are not eligible manufacturing personal property. Personal property  
9 located on occupied real property is predominantly used in  
10 industrial processing or direct integrated support if the result of  
11 the following calculation is more than 50%:

12 (i) Multiply the original cost of all personal property that is  
13 subject to the collection of taxes under this act and all personal  
14 property that is exempt from the collection of taxes under sections  
15 7k, 9b, 9f, 9n, and 9o and this section that is located on that  
16 occupied real property and that is not construction in progress by  
17 its percentage of use in industrial processing or in direct  
18 integrated support. For an item of personal property that is used  
19 in industrial processing, its percentage of use in industrial  
20 processing ~~shall~~**must** equal the percentage of the exemption the  
21 property would be eligible for under section 4t of the general  
22 sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use  
23 tax act, 1937 PA 94, MCL 205.94o. Utility personal property as  
24 described in section 34c(3)(e) and personal property used in the  
25 generation, transmission, or distribution of electricity for sale  
26 is not included in this calculation.

27 (ii) Divide the result of the calculation under subparagraph (i)  
28 by the total original cost of all personal property that is subject  
29 to the collection of taxes under this act and all personal property

1 that is exempt from the collection of taxes under sections 7k, 9b,  
2 9f, 9n, and 9o and this section that is located on that occupied  
3 real property and that is not construction in progress. Utility  
4 personal property as described in section 34c(3)(e) and personal  
5 property used in the generation, transmission, or distribution of  
6 electricity for sale is not included in this calculation.

7 (d) "Fair market value" means the fair market value of  
8 personal property at the time of acquisition by the first owner,  
9 including the cost of freight, sales tax, installation, and other  
10 capitalized costs, except capitalized interest. There is a  
11 rebuttable presumption that the acquisition price paid by the first  
12 owner for personal property, and any costs of freight, sales tax,  
13 installation, and other capitalized costs, except capitalized  
14 interest, reflect the fair market value.

15 (e) "Industrial processing" means that term as defined in  
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.  
18 Industrial processing does not include the generation,  
19 transmission, or distribution of electricity for sale.

20 (f) "New personal property" means property that was initially  
21 placed in service in this state or outside of this state after  
22 December 31, 2012 or that was construction in progress on or after  
23 December 31, 2012 that had not been placed in service in this state  
24 or outside of this state before 2013.

25 (g) "Occupied real property" means any of the following:

26 (i) A parcel of real property that is entirely owned, leased,  
27 or otherwise occupied by a person claiming an exemption under this  
28 section or under section 9n.

29 (ii) Contiguous parcels of real property that are entirely

1 owned, leased, or otherwise occupied by a person claiming an  
2 exemption under this section or under section 9n and that host a  
3 single, integrated business operation engaged primarily in  
4 industrial processing, direct integrated support, or both. A  
5 business operation is not engaged primarily in industrial  
6 processing, direct integrated support, or both if it engages in  
7 significant business activities that are not directly related to  
8 industrial processing or direct integrated support. Contiguity is  
9 not broken by a boundary between local tax collecting units, a  
10 road, a right-of-way, or property purchased or taken under  
11 condemnation proceedings by a public utility for power transmission  
12 lines if the 2 parcels separated by the purchased or condemned  
13 property were a single parcel prior to the sale or condemnation. As  
14 used in this subparagraph, "single, integrated business operation"  
15 means a company that combines 1 or more related operations or  
16 divisions and operates as a single business unit.

17 (iii) The portion of a parcel of real property that is owned,  
18 leased, or otherwise occupied by a person claiming the exemption  
19 under this section or under section 9n or by an affiliated person.

20 (h) "Original cost" means the fair market value of personal  
21 property at the time of acquisition by the first owner. There is a  
22 rebuttable presumption that the acquisition price paid by the first  
23 owner for personal property reflects the original cost of that  
24 personal property. The department of treasury may provide  
25 guidelines for 1 or more of the following circumstances:

26 (i) Determining original cost of personal property when the  
27 actual acquisition price paid by the first owner for personal  
28 property is not determinative of the original cost of that personal  
29 property.

(ii) Estimating original cost of personal property when the actual acquisition price paid by the first owner for the personal property is unknown.

(iii) Adjusting original cost of personal property when the personal property is idle, is obsolete or has material obsolescence, or is surplus.

(i) "Person" means an individual, partnership, corporation, association, limited liability company, or any other legal entity.

(j) "Qualified new personal property" means property that meets all of the following conditions:

(i) Is eligible manufacturing personal property.

(ii) Is new personal property.

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

(2) A person shall claim the exemption under this section and section 9m by filing each year a combined document that includes: the form to claim the exemption under this section and section 9m, a report of the fair market value and year of acquisition by the first owner of qualified previously existing personal property, and for any year before 2023, a statement under section 19. All of the following apply to a claim of the exemption under this section:

(a) The combined document ~~shall~~**must** be in a form and manner prescribed by the department of treasury.

(b) Leasing companies are not eligible to receive the exemption under this section and may not use the combined document prescribed in this section. With respect to personal property that is the subject of a lease agreement, regardless of whether the

1 agreement constitutes a lease for financial or tax purposes, all of  
2 the following apply:

3 (i) If the personal property is eligible manufacturing personal  
4 property, the lessee and lessor may elect that the lessee report  
5 the leased personal property on the combined document.

6 (ii) An election made by the lessee and the lessor under this  
7 subdivision ~~shall~~**must** be made in a form and manner approved by the  
8 department.

9 (iii) Absent an election, the personal property ~~shall~~**must** be  
10 reported by the lessor on the personal property statement unless  
11 the exemption for eligible manufacturing personal property is  
12 claimed by the lessee on the combined document.

13 (c) The combined document prescribed in this section, ~~shall~~  
14 **must** be completed and delivered to the assessor of the township or  
15 city in which the qualified previously existing personal property  
16 is located by February 20 of each year. However, if February 20 of  
17 a year is a Saturday, Sunday, or legal holiday, the delivery  
18 deadline for that year is the next day that is not a Saturday,  
19 Sunday, or legal holiday. For purposes of a combined document  
20 delivered by the United States Postal Service, the delivery is  
21 timely if the postmark date is on or before the delivery deadline  
22 prescribed in this subdivision. If the combined document prescribed  
23 in this section is not timely delivered to the assessor of the  
24 township or city, a late application may be filed directly with the  
25 March board of review before its final adjournment by submitting  
26 the combined document prescribed in this section. The board of  
27 review shall not accept a filing after adjournment of its March  
28 meeting. An appeal of a denial by the March board of review may be  
29 made by filing a petition with the Michigan tax tribunal within 35

1 days of the denial notice.

2 (d) The assessor shall transmit to the department of treasury  
3 the information contained in the combined document filed under this  
4 section, and other parcel information required by the department of  
5 treasury and in the manner prescribed by the department of treasury  
6 no later than April 1.

7 (e) A person claiming an exemption under this section shall  
8 rescind the claim of exemption by December 31 of the year in which  
9 exempted property is no longer eligible for the exemption by filing  
10 with the assessor of the township or city a rescission affidavit in  
11 a form prescribed by the department of treasury.

12 (f) The assessor of the township or city shall annually  
13 transmit the rescission affidavits filed, or the information  
14 contained in the rescission affidavits filed, under this section to  
15 the department of treasury in the form and in the manner prescribed  
16 by the department of treasury no later than April 1.

17 (3) If the assessor of the township or city believes that  
18 personal property for which the form claiming an exemption is  
19 timely filed each year under subsection (2)(c) is not qualified  
20 previously existing personal property or the form filed was  
21 incomplete, the assessor may deny that claim for exemption by  
22 notifying the person that filed the form in writing of the reason  
23 for the denial and advising the person that the denial ~~shall~~**must**  
24 be appealed to the board of review under section 30 by filing a  
25 combined document as prescribed under subsection (2). If the denial  
26 is issued after the first meeting of the March board of review that  
27 follows the organizational meeting, the appeal of the denial is  
28 either to the March board of review or the Michigan tax tribunal by  
29 filing a petition and a completed combined document as prescribed

1 under subsection (2), within 35 days of the denial notice. The  
2 assessor may deny a claim for exemption under this subsection for  
3 the current year only. If the assessor denies a claim for  
4 exemption, the assessor shall remove the exemption of that personal  
5 property and amend the tax roll to reflect the denial and the local  
6 treasurer shall within 30 days of the date of the denial issue a  
7 corrected tax bill for any additional taxes.

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

12 (5) If a person fraudulently claims an exemption for personal  
13 property under this section, that person is subject to the  
14 penalties provided for in section 21(2).

15 ~~(6) For 2016 only, if an owner of qualified previously~~  
16 ~~existing personal property did not file form 5278 by February 22,~~  
17 ~~2016 or filed an incomplete form 5278 by February 22, 2016 to claim~~  
18 ~~the exemption under this section with the assessor of the city or~~  
19 ~~township in which the qualified previously existing personal~~  
20 ~~property is located, that owner may file form 5278 with the~~  
21 ~~assessor of the city or township in which the qualified previously~~  
22 ~~existing personal property is located no later than May 31, 2016.~~  
23 ~~If the assessor determines the property qualifies for the exemption~~  
24 ~~under this section, the assessor shall immediately amend the~~  
25 ~~assessment roll to reflect the exemption. The assessor of the~~  
26 ~~township or city shall transmit the affidavits filed, or the~~  
27 ~~information contained in the affidavits filed, under this section,~~  
28 ~~and other parcel information required by the department of~~  
29 ~~treasury, to the department of treasury in the form and in the~~

1 manner prescribed by the department of treasury no later than June  
2 7, 2016. The owner shall still be required to meet all deadlines  
3 required under section 7 of the state essential services assessment  
4 act, 2014 PA 92, MCL 211.1057. If the assessor of the township or  
5 city believes that personal property for which an affidavit  
6 claiming an exemption filed under this subsection by May 31, 2016  
7 is not qualified previously existing personal property, the  
8 assessor may deny that claim for exemption by notifying the person  
9 that filed the affidavit in writing of the reason for the denial  
10 and advising the person that the denial may be appealed to the  
11 Michigan tax tribunal within 35 days of the date of the denial.

12 (7) For 2017 only, if an owner of qualified previously  
13 existing personal property did not file the combined document by  
14 February 21, 2017 to claim the exemption under this section with  
15 the assessor of the city or township in which the qualified  
16 previously existing personal property is located, that owner may  
17 file the combined document with the assessor of the city or  
18 township in which the qualified previously existing personal  
19 property is located no later than May 31, 2017. If the assessor  
20 determines the property qualifies for the exemption under this  
21 section, the assessor shall immediately amend the assessment roll  
22 to reflect the exemption. The assessor of the township or city  
23 shall transmit the combined document filed, or the information  
24 contained in the combined document filed, under this section, and  
25 other parcel information required by the department of treasury, to  
26 the department of treasury in the form and in the manner prescribed  
27 by the department of treasury no later than June 9, 2017. The owner  
28 shall still meet all deadlines required under section 7 of the  
29 state essential services assessment act, 2014 PA 92, MCL 211.1057.



~~If the assessor of the township or city believes that personal property for which a combined document claiming an exemption filed under this subsection by May 31, 2017 is not qualified previously existing personal property, the assessor may deny that claim for exemption by notifying the person that filed the combined document in writing of the reason for the denial and advising the person that the denial may be appealed to the Michigan tax tribunal within 35 days of the date of the denial.~~

(6) For 2021 only, if by March 30, 2021, a combined document was not properly filed to claim the exemption under this section, the property owner may file the combined document with the assessor of the city or township in which the qualified previously existing personal property is located no later than 30 days after the effective date of the amendatory act that added this sentence. If the assessor determines that the property qualifies for the exemption under this section, the assessor shall promptly amend the assessment roll to reflect the exemption and notify the treasurer in possession of the tax roll. If an exemption granted under this subsection results in an overpayment of tax, the refund, including any interest paid, must be made to the taxpayer within 30 days of the notice. A refund must be without interest. The treasurer in possession of the appropriate tax roll shall deduct the refund from each applicable taxing unit's subsequent distribution of taxes. No later than 60 days after the effective date of the amendatory act that added this sentence, the assessor of the city or township shall transmit the combined document filed under this subsection, and other parcel information required by the department of treasury, to the department of treasury, in the form and in the manner prescribed by the department. If the assessor of the city or

1 township believes that personal property for which a combined  
2 document claiming an exemption timely filed under this subsection  
3 is not qualified previously existing personal property, the  
4 assessor may deny that claim for exemption by notifying the person  
5 that filed the combined document in writing of the reason for the  
6 denial and advising the person that the denial may be appealed to  
7 the Michigan tax tribunal within 35 days of the date of the denial.

8 (7) ~~(8)~~—As used in this section:

9 (a) "Direct integrated support", "eligible manufacturing  
10 personal property", "fair market value", and "industrial  
11 processing" mean those terms as defined in section 9m.

12 (b) "Person" means an individual, partnership, corporation,  
13 association, limited liability company, or any other legal entity.

14 (c) "Qualified previously existing personal property" means  
15 personal property that meets both of the following conditions:

16 (i) Is eligible manufacturing personal property.

17 (ii) Was first placed in service within this state or outside  
18 this state more than 10 years before the current calendar year.

19 Enacting section 1. This amendatory act does not take effect  
20 unless all of the following bills of the 101st Legislature are  
21 enacted into law:

22 (a) Senate Bill No. 807.

23  
24 (b) Senate Bill No. 805.