

**THE GENERAL PROPERTY TAX ACT (EXCERPT)**  
**Act 206 of 1893**

PERSONAL PROPERTY.

**211.8 Personal property; scope.**

Sec. 8. For the purposes of taxation, personal property includes all of the following:

- (a) All goods, chattels, and effects within this state.
- (b) All goods, chattels, and effects belonging to inhabitants of this state, located without this state, except that property actually and permanently invested in business in another state shall not be included.
- (c) All interests owned by individuals in real property, the fee title to which is in this state or the United States, except as otherwise provided in this act.

(d) For taxes levied before January 1, 2003, buildings and improvements located upon leased real property, except if the value of the real property is also assessed to the lessee or owner of those buildings and improvements. For taxes levied after December 31, 2002, buildings and improvements located upon leased real property, except buildings and improvements exempt under section 9f or improvements assessable under subdivision (h), shall be assessed as real property under section 2 to the owner of the buildings or improvements in the local tax collecting unit in which the buildings or improvements are located if the value of the buildings or improvements is not otherwise included in the assessment of the real property. For taxes levied after December 31, 2001, buildings and improvements exempt under section 9f or improvements assessable under subdivision (h) and located on leased real property shall be assessed as personal property.

(e) Tombs or vaults built within any burial grounds and kept for hire or rent, in whole or in part, and the stock of a corporation or association owning the tombs, vaults, or burial grounds.

(f) All other personal property not enumerated in this section and not especially exempted by law.

(g) The personal property of gas and coke companies, natural gas companies, electric light companies, waterworks companies, hydraulic companies, and pipe line companies transporting oil or gas as public or common carriers, to be assessed in the local tax collecting unit in which the personal property is located. The mains, pipes, supports, and wires of these companies, including the supports and wire or other line used for communication purposes in the operation of those facilities, and the rights of way and the easements or other interests in real property by virtue of which the mains, pipes, supports, and wires are erected and maintained, shall be assessed as personal property in the local tax collecting unit where laid, placed, or located. Interests in underground rock strata used for gas storage purposes, whether by lease or ownership separate from the surface of real property, shall be separately valued and assessed as personal property in the local tax collecting unit in which it is located to the person who holds the interest. Interests in underground rock strata shall be reported as personal property to the appropriate assessing officer for all property descriptions included in the storage field in the local tax collecting unit and a separate valuation shall be assessed for each school district. The personal property of street railroad, plank road, cable or electric railroad or transportation companies, bridge companies, and all other companies not required to pay a specific tax to this state in lieu of all other taxes, shall, except as otherwise provided in this section, be assessed in the local tax collecting unit in which the property is located, used, or laid, and the track, road, or bridge of a company is considered personal property. None of the property assessable as personal property under this subdivision shall be affected by any assessment or tax levied on the real property through or over which the personal property is laid, placed, or located, nor shall any right of way, easement, or other interest in real property, assessable as personal property under this subdivision, be extinguished or otherwise affected in case the real property subject to assessment is sold in the exercise of the taxing power.

(h) During the tenancy of a lessee, leasehold improvements and structures installed and constructed on real property by the lessee, provided and to the extent the improvements or structures add to the true cash taxable value of the real property notwithstanding that the real property is encumbered by a lease agreement, and the value added by the improvements or structures is not otherwise included in the assessment of the real property or not otherwise assessable under subdivision (j). The cost of leasehold improvements and structures on real property shall not be the sole indicator of value. Leasehold improvements and structures assessed under this subdivision shall be assessed to the lessee.

(i) A leasehold estate received by a sublessor from which the sublessor receives net rentals in excess of net rentals required to be paid by the sublessor except to the extent that the excess rentals are attributable to the installation and construction of improvements and structures assessed under subdivision (h) or (j) or included in the assessment of the real property. For purposes of this act, a leasehold estate is considered to be owned by the lessee receiving additional net rentals. A lessee in possession is required to provide the assessor with the name and address of its lessor. Taxes collected under this act on leasehold estates shall become a lien against

the rentals paid by the sublessee to the sublessor.

(j) To the extent not assessed as real property, a leasehold estate of a lessee created by the difference between the income that would be received by the lessor from the lessee on the basis of the present economic income of the property as defined and allowed by section 27(5), minus the actual value to the lessor under the lease. This subdivision does not apply to property if subject to a lease entered into before January 1, 1984 for which the terms of the lease governing the rental rate or the tax liability have not been renegotiated after December 31, 1983. This subdivision does not apply to a nonprofit housing cooperative. As used in this subdivision, "nonprofit cooperative housing corporation" means a nonprofit cooperative housing corporation that is engaged in providing housing services to its stockholders and members and that does not pay dividends or interest upon stock or membership investment but that does distribute all earnings to its stockholders or members.

(k) For taxes levied after December 31, 2002, a trade fixture.

(l) For taxes levied after December 31, 2005, a wind energy system. As used in this subdivision, "wind energy system" means an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, which uses moving air to produce power.

**History:** 1893, Act 206, Eff. June 12, 1893;—CL 1897, 3831;—CL 1915, 4002;—Am. 1917, Act 8, Eff. Aug. 10, 1917;—Am. 1921, Act 297, Eff. Aug. 18, 1921;—Am. 1925, Act 193, Eff. Aug. 27, 1925;—Am. 1929, Act 322, Imd. Eff. May 28, 1929;—CL 1929, 3396;—Am. 1931, Act 94, Imd. Eff. May 11, 1931;—CL 1948, 211.8;—Am. 1949, Act 61, Eff. Sept. 23, 1949;—Am. 1964, Act 275, Eff. Aug. 28, 1964;—Am. 1978, Act 408, Imd. Eff. Sept. 26, 1978;—Am. 1982, Act 539, Eff. Mar. 30, 1983;—Am. 1983, Act 254, Imd. Eff. Dec. 29, 1983;—Am. 2000, Act 415, Imd. Eff. Jan. 8, 2001;—Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002;—Am. 2006, Act 633, Imd. Eff. Jan. 4, 2007;—Am. 2013, Act 162, Imd. Eff. Nov. 12, 2013.

**Popular name:** Act 206

### **211.8a Qualified personal property of qualified business; availability for use by another person; assessment to user; statements; filing; copies; examination of books and records; additions to statement; definitions; requirements of nonprofit organization not affected.**

Sec. 8a. (1) Qualified personal property made available by a person that is a qualified business for use by another person shall not be assessed to the qualified business and instead is assessable and taxable to the user who acquires or possesses the qualified personal property to the extent provided for in this section. Property assessed under this section shall not be required to be assessed separately from other personal property assessed to the user.

(2) A person who is a qualified business that makes available qualified personal property shall file the statement required by section 19 not later than February 1. A person to whom qualified personal property is taxable as provided in this section shall file the statement required by section 19 by February 20 and shall include the qualified personal property on that statement. The statement filed by the qualified business shall include, itemized for each user, all of the following for all qualified personal property:

(a) The name of the qualified business.

(b) The user responsible for payment of the tax.

(c) The type of property.

(d) The location of the property, as indicated in the records of the qualified business.

(e) The purchase price including sales tax, freight, and installation.

(f) The year the property was purchased.

(g) If the qualified business is the manufacturer of the property, the original selling price, and if there is no original selling price, then the original cost.

(h) The amount and frequency of periodic payments required of the user.

(i) An affirmation that the person making the statement is a qualified business and that property included in the statement is qualified personal property as defined in this section.

(3) A user of qualified personal property may request from the assessor, and the assessor shall provide, a copy of that portion of the statement filed by the qualified business by February 1 that includes qualified personal property for that user. If a good faith statement is not filed by February 1, or if property is not included in the statement required to be filed by February 1, then that property omitted or not reported is assessable and taxable to the person who makes the property available regardless of whether the person is a qualified business or the property is qualified personal property.

(4) A designee of the local tax collecting unit who is a certified assessor may examine the books and records of a person who files the statement required by section 19 that are necessary to determine if property included in the statement required by section 19 is qualified personal property. A person is not required to be a certified personal property examiner to examine books and records pursuant to this subsection.

(5) The state tax commission shall develop additions to the statement required by section 19 necessary to assure that property reported pursuant to subsection (2) is certified under oath to be qualified personal property reported by a person to whom qualified personal property is taxable.

(6) As used in this section:

(a) "Employee" means a person who performs a service for wages or other remuneration under a contract of hire, written or oral, express or implied.

(b) "Qualified business" means a for-profit business that obtains services relating to that business from 30 or fewer employees or employees of independent contractors performing services substantially similar to employees during a random week in the year ending on the tax day. If a person is a unified business group as that term is defined in section 117 of the Michigan business tax act, 2007 PA 36, MCL 208.1117, the number of employees from whom services are obtained includes all employees of the unitary business group and employees of independent contractors of the unitary business group rendering services to the qualified business.

(c) "Qualified personal property" means property on which a retail sales tax has been paid or liability accrued contemporaneous with the user acquiring possession of the property, or on which sales tax would be payable if the property was not exempt, and that is subject to an agreement entered into after December 31, 1993 to which all of the following apply:

(i) A party engaged in a for-profit business obtains the right to use or possess personal property in exchange for making periodic payments for a noncancelable term of 12 months or more.

(ii) The party making periodic payments can obtain legal title to the property by making all the periodic payments or all of the periodic payments and a final payment that is less than the true cash value of the property determined using state tax commission cost multipliers for personal property.

(iii) The written agreement between the qualified business and the party making periodic payments requires that party to report the property as qualified personal property pursuant to section 19 and to pay taxes assessed against the property.

(d) "Random week" means a 7-day period during a calendar year beginning on a Monday and ending on a Sunday that is selected at random. Not later than January 15 each year, the state tax commission shall establish the random week for the immediately preceding year.

(7) This section does not affect the requirements for reporting or assessing personal property acquired or possessed by a nonprofit organization.

**History:** Add. 1994, Act 96, Imd. Eff. Apr. 13, 1994;—Am. 1998, Act 537, Imd. Eff. Jan. 19, 1999;—Am. 2007, Act 191, Imd. Eff. Dec. 21, 2007.

**Popular name:** Act 206

### **211.8b Personal property located on real property; taxable value.**

Sec. 8b. The taxable value of personal property located on a parcel of real property and assessed to the same person shall be calculated separately from the calculation of taxable value of the real property under section 27a. The taxable value of buildings on leased land shall be calculated separately from the taxable value of other personal property assessed to the same person. This section does not prohibit the filing of personal property statements combining personal property located on more than 1 parcel of real property.

**History:** Add. 1994, Act 415, Imd. Eff. Dec. 29, 1994.

**Popular name:** Act 206

### **211.8c Daily rental property; assessment; conditions; audit; personal property; definitions.**

Sec. 8c. (1) Daily rental property shall be assessed to the owner at the location of the rental business and is not assessable at its location on tax day as provided in section 2 if all of the following conditions are satisfied:

(a) The location of the rental business is in this state and the daily rental property is located in this state on tax day as provided in section 2.

(b) The daily rental property is permanently labeled with the name of the owner and either the business address or current telephone number of the owner with an indication that the property is daily rental property. The owner shall also affix a unique identifying number to the daily rental property. If the daily rental property consists of multiple small items that are part of a matched set or if it is impractical to label the daily rental property, the required statement and identifying number may be placed on the daily rental property's container used to store the daily rental property when not in use.

(c) Not later than February 20 of each year, the owner provides the assessor of the city or township where the rental business is located an itemized listing of the owner's daily rental property, as of tax day. The listing shall describe the daily rental property by manufacturer, make, and model.

(d) Not later than February 20 of each tax year, the owner shall give the assessor of the city or township

where the rental business is located written authorization to provide a copy of information provided pursuant to subdivision (c) to the assessor of any other city or township in which the daily rental property may have been physically located on tax day.

(e) If the owner of daily rental property is required to provide a written statement pursuant to section 18 to any local tax collecting unit other than the local tax collecting unit in which the daily rental property is assessable, the written statement shall include a written statement indicating the jurisdiction in which its daily rental property is being reported.

(2) The owner's reporting of daily rental property is subject to audit by any of the following:

(a) Any assessment jurisdiction in which the daily rental property is located on tax day.

(b) The local tax collecting unit where the rental business is located.

(c) The county equalization department of a county in which the daily rental property is located on tax day or where the rental business is located.

(d) The state tax commission.

(3) The owner's tangible personal property that is not assessable as provided in subsection (1) is assessable as provided in section 2.

(4) As used in this section:

(a) "Daily rental property" means tangible personal property that is exclusively offered on an hourly, daily, weekly, or monthly basis for a rental term of 6 months or less pursuant to a written agreement and had an acquisition cost when new of \$10,000.00 or less, including freight and sales tax. In determining whether a rental term extends beyond 6 months, the rental term shall be computed by adding all permitted or required extensions of the rental term set forth in the written agreement for the daily rental property. Daily rental property does not include tangible personal property rented in conjunction with a service contract that extends beyond 90 days.

(b) "Location of the rental business" or "where the rental business is located" means the local tax collecting unit in which the daily rental property is kept when it is not rented to a customer.

(c) "Owner" means the individual, partnership, corporation, association, or other legal entity that owns daily rental property.

**History:** Add. 1998, Act 537, Imd. Eff. Jan. 19, 1999.

**Popular name:** Act 206