

HOUSE BILL No. 4553

May 5, 2015, Introduced by Rep. Maturen and referred to the Committee on Tax Policy.

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
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 Michigan business as provided in
9 this section. The clerk of the eligible local assessing district or

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

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

24 (3) Not more than 60 days after receipt of a copy of the
25 resolution adopted by the governing body of an eligible local
26 assessing district under subsection (1), the state tax commission
27 shall determine if the new personal property subject to the

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

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

1 of taxes under this act without a written agreement entered into
2 with the eligible next Michigan business subject to the exemption,
3 which written agreement contains a remedy provision that includes,
4 but is not limited to, all of the following:

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

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

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

22 (6) After December 31, 2007, an exemption for an existing
23 eligible business shall continue in effect for an acquiring
24 eligible business under subsection (5) only if the continuation of
25 the exemption is approved in a resolution adopted by the governing
26 body of an eligible local assessing district or the board of a next
27 Michigan development corporation in which the eligible local

1 assessing district is a constituent member.

2 (7) Notwithstanding ~~the amendatory act that added section~~
3 ~~2(1)(e), 2000 PA 415~~, all of the following shall apply to an
4 exemption under this section that was approved by the state tax
5 commission on or before April 30, 1999, regardless of the effective
6 date of the exemption:

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

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

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

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

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

3 ~~(9) If either House Bill No. 6026 of the 96th Legislature,~~
4 ~~2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is~~
5 ~~presented to the qualified electors of this state at an election to~~
6 ~~be held on the August regular election date in 2014 and the bill~~
7 ~~presented is not approved by a majority of the qualified electors~~
8 ~~of this state voting on the question, subsection (8) shall not~~
9 ~~apply after the date of that election.~~ **AN ELIGIBLE BUSINESS THAT**

10 **OWNS OR LEASES NEW PERSONAL PROPERTY THAT IS EXEMPT UNDER THIS**
11 **SECTION AND THAT IS ELIGIBLE PERSONAL PROPERTY SHALL FILE AN**
12 **AFFIDAVIT WITH THE ASSESSOR OF THE TOWNSHIP OR CITY IN WHICH THE**
13 **ELIGIBLE PERSONAL PROPERTY IS LOCATED NOT LATER THAN FEBRUARY 10 OF**
14 **THE FIRST YEAR THAT THE NEW PERSONAL PROPERTY IS ELIGIBLE PERSONAL**
15 **PROPERTY. THE AFFIDAVIT SHALL INDICATE THAT THE NEW PERSONAL**
16 **PROPERTY IS ELIGIBLE PERSONAL PROPERTY. THE AFFIDAVIT SHALL BE IN A**
17 **FORM PRESCRIBED BY THE STATE TAX COMMISSION.**

18 (10) As used in this section:

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

25 (b) "Authorized business" means that term as defined in
26 section 3 of the Michigan economic growth authority act, 1995 PA
27 24, MCL 207.803.

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

3 (d) "Distressed parcel" means a parcel of real property
4 located in a city or village that meets all of the following
5 conditions:

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

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

11 (B) The boundaries of a principal shopping district or a
12 business improvement district as defined in section 1 of 1961 PA
13 120, MCL 125.981.

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

17 (ii) Meets 1 of the following conditions:

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

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

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

25 (e) "Eligible business" means, effective August 7, 1998, a
26 business engaged primarily in manufacturing, mining, research and
27 development, wholesale trade, office operations, or the operation

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

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

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

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

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

22 (iv) A brownfield redevelopment zone as that term is designated
23 under the brownfield redevelopment financing act, 1996 PA 381, MCL
24 125.2651 to 125.2672.

25 (v) An empowerment zone designated under subchapter U of
26 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to
27 1397F.

1 (vi) An authority district or a development area as those terms
2 are defined in the tax increment finance authority act, 1980 PA
3 450, MCL 125.1801 to 125.1830.

4 (vii) An authority district as that term is defined in the
5 local development financing act, 1986 PA 281, MCL 125.2151 to
6 125.2174.

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

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

10 (x) A next Michigan development district.

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

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

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

15 (h) "Eligible local assessing district" means a city, village,
16 or township that contains an eligible distressed area or that is a
17 party to an intergovernmental agreement creating a next Michigan
18 development corporation, or a city, village, or township that meets
19 1 or more of the following conditions and is located in a county
20 all or a portion of which borders another state or Canada:

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

23 (A) Water.

24 (B) Sewer.

25 (C) Police.

26 (D) Fire.

27 (E) Trash.

1 (F) Recycling.

2 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to
3 124.30, with a city, village, or township that provides not fewer
4 than 4 of the following existing services:

5 (A) Water.

6 (B) Sewer.

7 (C) Police.

8 (D) Fire.

9 (E) Trash.

10 (F) Recycling.

11 (i) "Eligible next Michigan business" means that term as
12 defined in section 3 of the Michigan economic growth authority act,
13 1995 PA 24, MCL 207.803.

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

17 (K) ~~(j)~~-"Eligible taxpayer" means a taxpayer that meets both
18 of the following conditions:

19 (i) Is an authorized business.

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

22 (L) ~~(k)~~-"Existing eligible business" means an eligible business
23 identified in a resolution adopted under subsection (1) for which
24 an exemption has been granted under this section.

25 (M) ~~(l)~~-"New personal property" means personal property that
26 was not previously subject to tax under this act or was not
27 previously placed in service in this state and that is placed in an

1 eligible district after a resolution under subsection (1) is
2 approved. As used in this subdivision, for exemptions approved by
3 the state treasurer under subsection (3) after April 30, 1999, new
4 personal property does not include buildings described in section
5 14(6) and personal property described in section 8(h), (i), and
6 (j). **FOR EXEMPTIONS SUBJECT TO RESOLUTIONS ADOPTED UNDER SUBSECTION**
7 **(1) AFTER DECEMBER 31, 2014, NEW PERSONAL PROPERTY DOES NOT INCLUDE**
8 **ELIGIBLE MANUFACTURING PERSONAL PROPERTY.**

9 (N) ~~(m)~~—"Next Michigan development corporation" and "next
10 Michigan development district" mean those terms as defined under
11 the next Michigan development act, 2010 PA 275, MCL 125.2951 to
12 125.2959.

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

17 (2) A person shall claim the exemption under this section by
18 filing an affidavit with the ~~local tax collecting unit~~ **ASSESSOR OF**
19 **THE TOWNSHIP OR CITY** in which the qualified new personal property
20 is located as provided in subsection (3). The affidavit shall be in
21 a form prescribed by the state tax commission. An affidavit
22 claiming an exemption under this section applies to all existing
23 and subsequently acquired qualified new personal property. The
24 ~~local tax collecting unit~~ **ASSESSOR OF THE TOWNSHIP OR CITY** shall
25 **ANNUALLY** transmit the affidavits filed, or the information
26 contained in the affidavits filed, under this section, and ~~under~~
27 ~~section 9n~~ **OTHER PARCEL INFORMATION REQUIRED BY THE DEPARTMENT OF**

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

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

22 (4) Except for a person claiming an exemption under this
23 section for personal property that was subject to section 9f or
24 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit
25 claiming the exemption under this section is filed as provided in
26 subsection (3) by February 10, 2016, and the person claiming the
27 exemption under this section complied with section 19(9) in 2015,

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

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

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

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

1 (7) 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 (8) As used in this section:

5 (a) "Affiliated person" means a sole proprietorship,
6 partnership, limited liability company, corporation, association,
7 flow-through entity, member of a unitary business group, or other
8 entity related to a person claiming an exemption under this
9 section.

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

11 (i) Research and development related to goods produced in
12 industrial processing and conducted in furtherance of that
13 industrial processing.

14 (ii) Testing and quality control functions related to goods
15 produced in industrial processing and conducted in furtherance of
16 that industrial processing.

17 (iii) Engineering related to goods produced in industrial
18 processing and conducted in furtherance of that industrial
19 processing.

20 (iv) Receiving or storing equipment, materials, supplies,
21 parts, or components for industrial processing, or scrap materials
22 or waste resulting from industrial processing, at the industrial
23 processing site or at another site owned or leased by the owner or
24 lessee of the industrial processing site.

25 (v) Storing of finished goods inventory if the inventory was
26 produced by a business engaged primarily in industrial processing
27 and if the inventory is stored either at the site where it was

1 produced or at another site owned or leased by the business that
2 produced the inventory.

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

6 (c) "Eligible manufacturing personal property" means, **EXCEPT**
7 **AS OTHERWISE PROVIDED IN THIS SUBDIVISION**, all personal property
8 located on occupied real property if that personal property is
9 predominantly used in industrial processing or direct integrated
10 support. **FOR PERSONAL PROPERTY THAT IS CONSTRUCTION IN PROGRESS AND**
11 **PART OF A NEW FACILITY NOT IN OPERATION, ELIGIBLE MANUFACTURING**
12 **PERSONAL PROPERTY MEANS ALL PERSONAL PROPERTY THAT IS PART OF THAT**
13 **NEW FACILITY IF THAT PERSONAL PROPERTY IS LIKELY TO BE**
14 **PREDOMINANTLY USED IN INDUSTRIAL PROCESSING WHEN THE FACILITY**
15 **BECOMES OPERATIONAL. PERSONAL PROPERTY THAT IS NOT OWNED, LEASED,**
16 **OR USED BY THE PERSON WHO OWNS OR LEASES OCCUPIED REAL PROPERTY**
17 **WHERE THE PERSONAL PROPERTY IS LOCATED IS NOT ELIGIBLE**
18 **MANUFACTURING PERSONAL PROPERTY, UNLESS THE PERSONAL PROPERTY IS**
19 **LOCATED ON THE OCCUPIED REAL PROPERTY TO CARRY ON A CURRENT**
20 **BUSINESS ACTIVITY. PERSONAL PROPERTY THAT IS PLACED ON OCCUPIED**
21 **REAL PROPERTY SOLELY TO QUALIFY THE PERSONAL PROPERTY FOR AN**
22 **EXEMPTION UNDER THIS SECTION OR SECTION 9N IS NOT ELIGIBLE**
23 **MANUFACTURING PERSONAL PROPERTY.** Personal property located on
24 occupied real property is predominantly used in industrial
25 processing or direct integrated support if the result of the
26 following calculation is more than 50%:

27 (i) Multiply the original cost of all personal property **THAT IS**

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

20 (ii) Divide the result of the calculation under subparagraph (i)
21 by the total original cost of all personal property **THAT IS SUBJECT**
22 **TO THE COLLECTION OF TAXES UNDER THIS ACT AND ALL PERSONAL PROPERTY**
23 **THAT IS EXEMPT FROM THE COLLECTION OF TAXES UNDER SECTIONS 7K, 9F,**
24 **9N, AND 9o AND THIS SECTION THAT IS** located on that occupied real
25 property **AND THAT IS NOT CONSTRUCTION IN PROGRESS**.

26 (d) "Industrial processing" means that term as defined in
27 section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t,

1 or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.

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

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

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

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

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

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

25 (g) "Original cost" means the fair market value of eligible
26 manufacturing personal property at the time of acquisition by the
27 ~~current~~**FIRST** owner. There is a rebuttable presumption that the

1 acquisition price paid by the ~~current~~**FIRST** owner for eligible
2 manufacturing personal property reflects the fair market value of
3 that eligible manufacturing personal property. The department may
4 provide guidelines for circumstances in which the actual
5 acquisition cost of eligible manufacturing personal property is not
6 determinative of the fair market value of that eligible
7 manufacturing personal property and for the basis of determining
8 fair market value of eligible manufacturing personal property in
9 those circumstances.

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

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

14 (i) Is eligible manufacturing personal property.

15 (ii) Is new personal property.

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

20 (2) A person shall claim the exemption under this section by
21 filing an affidavit with the ~~local tax collecting unit~~**ASSESSOR OF**
22 **THE TOWNSHIP OR CITY** in which the qualified previously existing
23 personal property is located as provided in subsection (3). The
24 affidavit shall be in a form prescribed by the state tax
25 commission. ~~A person claiming an exemption for previously existing~~
26 ~~personal property is only required to file the affidavit claiming~~
27 ~~the exemption under this section for the first year for which the~~

1 ~~exemption for that qualified previously existing personal property~~
2 ~~is claimed in the local tax collecting unit.~~ AN AFFIDAVIT CLAIMING
3 AN EXEMPTION UNDER THIS SECTION APPLIES TO ALL EXISTING AND
4 SUBSEQUENTLY ACQUIRED QUALIFIED PREVIOUSLY EXISTING PERSONAL
5 PROPERTY. THE ASSESSOR OF THE TOWNSHIP OR CITY SHALL ANNUALLY
6 TRANSMIT THE AFFIDAVITS FILED, OR THE INFORMATION CONTAINED IN THE
7 AFFIDAVITS FILED, UNDER THIS SECTION, AND OTHER PARCEL INFORMATION
8 REQUIRED BY THE DEPARTMENT OF TREASURY, TO THE DEPARTMENT OF
9 TREASURY IN THE FORM AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT
10 OF TREASURY NO LATER THAN APRIL 1. A PERSON CLAIMING AN EXEMPTION
11 UNDER THIS SECTION SHALL RESCIND THE CLAIM OF EXEMPTION BY DECEMBER
12 31 OF THE YEAR IN WHICH EXEMPTED PROPERTY IS NO LONGER ELIGIBLE FOR
13 THE EXEMPTION BY FILING WITH THE ASSESSOR OF THE TOWNSHIP OR CITY A
14 RESCISSION AFFIDAVIT IN A FORM PRESCRIBED BY THE STATE TAX
15 COMMISSION. THE ASSESSOR OF THE TOWNSHIP OR CITY SHALL ANNUALLY
16 TRANSMIT THE RESCISSION AFFIDAVITS FILED, OR THE INFORMATION
17 CONTAINED IN THE RESCISSION AFFIDAVITS FILED, UNDER THIS SECTION TO
18 THE DEPARTMENT OF TREASURY IN THE FORM AND IN THE MANNER PRESCRIBED
19 BY THE DEPARTMENT OF TREASURY NO LATER 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 previously existing personal property is
24 located claiming an exemption for that qualified previously
25 existing personal property, that person shall file the affidavit
26 described under subsection (2) with that ~~local tax collecting unit~~
27 ASSESSOR not later than February 10 of the first year for which the

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

1 required under this section, that person's qualified previously
2 existing personal property is subject to the collection of taxes
3 under this act and that person shall file a statement under section
4 19.

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

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

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

26 (7) As used in this section:

27 (a) "Direct integrated support", "eligible manufacturing

1 personal property", and "industrial processing" mean those terms as
2 defined in section 9m.

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

5 (C) ~~(b)~~—"Qualified previously existing personal property"
6 means personal property that meets ~~all~~ BOTH of the following
7 conditions:

8 (i) Is eligible manufacturing personal property.

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

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

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

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