

# Eligible Manufacturing Personal Property Tax Exemption Claim, Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)

Issued under the authority of the General Property Tax Act, Public Act 206 of 1893, and the Essential Services Assessment Act (ESA), Public Act 92 of 2014, as amended. Filing is mandatory in order to claim the Eligible Manufacturing Personal Property tax exemption.

**DO NOT COMPLETE THIS COMBINED DOCUMENT UNLESS THE PERSONAL PROPERTY MEETS THE DEFINITION OF ELIGIBLE MANUFACTURING PERSONAL PROPERTY. Eligible Manufacturing Personal Property (EMPP)** means all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be predominantly used in industrial processing when the facility becomes operational.

Qualified new and previously existing personal property (as defined by MCL 211.9m and 211.9n) located on occupied real property is exempt from ad valorem taxation. To claim this exemption, a fully completed Form 5278 must be delivered to the assessor of the local unit of government in which the qualified personal property is located **no later than February 20, 2018. Failure to complete the required certification, personal property statement, and report of fair market value on Form 5278 may result in the claim being denied.** Claiming this exemption when not entitled to it can result in significant penalties.

**Important Note:** Leasing companies are not eligible to receive the exemption under MCL 211.9m and MCL 211.9n and may not use this Combined Document. With respect to personal property that is the subject of a lease agreement, the lessee and lessor may elect that the lessee report the leased personal property on the Combined Document. To make this election, the lessee and lessor must complete the *Election of Lessee Report of Eligible Manufacturing Personal Property* (Form 5467) and attach it to Form 5278. Absent an election and the attachment of Form 5467, the personal property shall be reported by the lessor on the personal property statement (Form 632). See MCL 211.1057(8).

## PART 1: ELIGIBLE MANUFACTURING PERSONAL PROPERTY TAX EXEMPTION CLAIM

To claim this exemption you must fully complete the entire Combined Document, including the required certification, personal property statement, and report of fair market value. A separate Form 5278 must be filed for each parcel number.

### Taxpayer Information

|   |                      |  |  |
|---|----------------------|--|--|
| Federal Employer Identification Number (FEIN) |                      | Taxpayer Name Associated with this FEIN            |  |
| <input type="text"/>                          | <input type="text"/> | Primary Occupant Name, if other than Taxpayer Name |  |

Assumed names, if any, used by legal entity (attach list if necessary):

|   |                               |                        |                                    |                          |         |
|---|-------------------------------|------------------------|------------------------------------|--------------------------|---------|
| Contact Person Name                         |                               | Contact E-mail Address |                                    | Contact Telephone Number |         |
| Contact St. No.                             | Contact Street Name or PO Box | Contact City           | State                              | ZIP Code                 | Country |
| Printed Name of Person in Charge of Records |                               | Telephone Number       | Address where records are retained |                          |         |

### Personal Property Location Information

Parcel Number of Personal Property claimed as Eligible Manufacturing Personal Property

**NOTE:** If the property is located **within a city**, complete the City and County fields below. If located **within a township but not within a village**, complete the Township and County fields. If located **within a village**, also complete the Township, Village and County fields.

|   |          |         |        |          |
|---|----------|---------|--------|----------|
| City  | Township | Village | County |          |
| Street Address where personal property is located |          | City    | State  | ZIP Code |

List all **real** property parcel numbers where the personal property reported on this form is located (attach list as necessary)

### CERTIFICATION

- I certify that I own, lease or otherwise occupy the real property on which the eligible manufacturing personal property is located, or I am the sole proprietor, partner, officer, managing member or the duly authorized agent of the owner, lessee or occupant (agent must attach letter of authority).
- I certify that the personal property for which an exemption is claimed pursuant to this Combined Document is Eligible Manufacturing Personal Property as defined by MCL 211.9m and the personal property for which an exemption is being claimed meets the more than 50% requirement of being predominately used in industrial processing or direct integrated support and therefore qualifies or will qualify for exemption under MCL 211.9m or MCL 211.9n.
- I certify my understanding that according to Public Act 92 of 2014, as amended, I am required to provide access to the books and records, for audit purposes, relating to the location and description; the date of purchase, lease, or acquisition; and the purchase price, lease amount, or value of all personal property owned by, leased by, or in the possession of that person or a related entity if requested by the assessor of the township or city, county equalization department, or Michigan Department of Treasury for the year in which the statement is filed and the immediately preceding 3 years.
- I certify my understanding that to qualify for the EMPP exemption on this parcel, I must electronically certify an ESA statement and make electronic payment of any ESA liability by the statutory deadline of August 15, and that failure to pay ESA liability and applicable late payment penalty via ACH, EFT, or e-file by the statutory deadline of October 15 will result in rescission of this exemption. I understand that Public Act 92 of 2014 prohibits payment of ESA liability by check.
- I hereby certify that all the information contained within and attached to this Combined Document is true and accurate to the best of my knowledge, information and belief.

|              |  |       |
|--------------|--|-------|
| Signature    |  | Date  |
| Printed Name |  | Title |

**PART 2: Personal Property Statement for Eligible Manufacturing Personal Property, Renaissance Zone Personal Property and Industrial Facility Personal Property**

Utilize this form to report Personal Property only if you are reporting personal property that was acquired after 2012 or before 2008. If all reported property was acquired in years 2008-2012, Form L-4175 should be filed instead.

**Summary and Reporting Instructions: Provide a yes or no answer to all questions and provide the additional information as necessary.**

1. Have you excluded from this statement any exempt "Special Tools" and/or Air/Water Pollution Control Facilities and/or Wind/Water Energy Conversion Devices?.....  Yes  No If yes, enter Total Original Cost
2. Have you reported all of your assessable tangible personal property and EMPP located in Michigan to the appropriate assessment jurisdiction, including all fully depreciated or expensed assets?.....  Yes  No If no, attach explanation.
3. Did you hold a legal or equitable interest in assessable personal property which you have not reported on this Form 5278 (see instructions) and/or have any of your assets been subjected to "rebooking" of costs for accounting purposes or been purchased used?.....  Yes  No If yes, attach explanation.
4. Are you a party (as landlord or tenant) to a real property rental or lease agreement in this jurisdiction?.....  Yes  No If yes, complete Section O.
5. Is any of your property "daily rental property" per P.A. 537 of 1998?.....  Yes  No If yes, complete Form 3595.
6. Are other businesses operated at your location(s)?.....  Yes  No If yes, attach itemized list.

**Report of Eligible Manufacturing Ad Valorem Personal Property and P.A. 198 (IFT) Property:**

Indicate Type (Check all that apply):  Ad Valorem  IFT/P.A. 328  Renaissance Zone

The taxpayer must annually report all personal property that is Eligible Manufacturing Personal Property, which is still subject to Ad Valorem or IFT assessment, within Part 2 of this Statement until the personal property becomes exempt. All such Personal Property in your possession at the location stated in Part 1, including fully depreciated and expensed assets, must be reported on this Statement. If you had "Move-Ins" of used property, you must also complete Form 3966, Taxpayer Report of Personal Property "Move-Ins" of Used Equipment. Refer to the *Taxpayer Report of Personal Property "Move-Ins" of Used Equipment* (Form 3966) for additional instructions. Renaissance Zone and extended IFT property must also be reported in Part 3.

| Section A: Furniture and Fixtures                         |           |     |                       |
|---|-----------|-----|-----------------------|
| Year in Service   |           |     | Assessor Calculations |
| 2012  |           | .47 |                       |
| 2011  |           | .42 |                       |
| 2010  |           | .37 |                       |
| 2009  |           | .33 |                       |
| 2008  |           | .29 |                       |
| <b>TOTAL</b>  | <b>A1</b> |     | <b>A2</b>             |
| Section B: Machinery and Equipment                        |           |     |                       |
| Year in Service   |           |     | Assessor Calculations |
| 2012  |           | .49 |                       |
| 2011  |           | .45 |                       |
| 2010  |           | .42 |                       |
| 2009  |           | .38 |                       |
| 2008  |           | .36 |                       |
| <b>TOTAL</b>  | <b>B1</b> |     | <b>B2</b>             |
| Section D: Office, Electronic Video and Testing Equipment |           |     |                       |
| Year in Service   |           |     | Assessor Calculations |
| 2012  |           | .41 |                       |
| 2011  |           | .38 |                       |
| 2010  |           | .35 |                       |
| 2009  |           | .33 |                       |
| 2008  |           | .31 |                       |
| <b>TOTAL</b>  | <b>D1</b> |     | <b>D2</b>             |

| Section E: Consumer Coin Operated Equipment                                       |           |     |                       |
|---|-----------|-----|-----------------------|
| Year in Service   |           |     | Assessor Calculations |
| 2012  |           | .54 |                       |
| 2011  |           | .46 |                       |
| 2010  |           | .38 |                       |
| 2009  |           | .30 |                       |
| 2008  |           | .23 |                       |
| <b>TOTAL</b>  | <b>E1</b> |     | <b>E2</b>             |
| Section F: Computer Equipment   |           |     |                       |
| Year in Service   |           |     | Assessor Calculations |
| 2012  |           | .15 |                       |
| 2011  |           | .08 |                       |
| 2010  |           | .08 |                       |
| 2009  |           | .08 |                       |
| 2008  |           | .08 |                       |
| <b>TOTAL</b>  | <b>F1</b> |     | <b>F2</b>             |
| Section G: Other Owned Assessable Personal Property (attach separate description) |           |     |                       |
| Year in Service   |           |     | Assessor Calculations |
| 2012  |           |     |                       |
| 2011  |           |     |                       |
| 2010  |           |     |                       |
| 2009  |           |     |                       |
| 2008  |           |     |                       |
| <b>TOTAL</b>  | <b>G1</b> |     | <b>G2</b>             |

| <b>Section I: Qualified Personal Property of a Qualified Business per MCL 211.8a(6)(c)</b> |                             |  |                       |                         |
|--|-----------------------------|--|-----------------------|-------------------------|
| Year in Service  | Taxpayer Original Costs New |  | Assessor Calculations | Qualified Business Name |
| 2012   |                             |  |                       |                         |
| 2011   |                             |  |                       |                         |
| 2010   |                             |  |                       |                         |
| 2009   |                             |  |                       |                         |
| 2008   |                             |  |                       |                         |
| <b>TOTAL</b>   | <b>I1</b>                   |  | <b>I2</b>             |                         |

| <b>Section J and K: Leased and Other Personal Property in Your Possession Which is Not Qualified Personal Property</b> |                          |                             |   |
|--|--------------------------|-----------------------------|---|
| Name and Address of Owner  | Description of Equipment | Age (estimate if necessary) | Selling Price New (estimate if necessary) |
|  |                          |                             |   |
|  |                          |                             |   |
| <b>Total</b>   |                          |                             | <b>J and K1</b>                           |

| <b>Section M: Leasehold Improvements</b>   |                      |                |                |   |
|--|----------------------|----------------|----------------|---|
| All Leasehold improvements made at your place of business should be reported under this Section, even if you believe that the improvements are not subject to assessment as personal property. Attach additional explanations or copies of fixed asset records. Any personal property reported in this Section should not be reported elsewhere on this Statement. |                      |                |                |   |
| Year in Service  | Detailed Description | Original Costs | STC Multiplier | True Cash Value Assessor's Calculations |
|  |                      |                |                |   |
|  |                      |                |                |   |
|  |                      |                |                |   |
|  |                      |                |                |   |
| <b>Total Cost Incurred</b>   |                      |                |                | <b>M1</b>                               |

| <b>Section N: All Freestanding Signs and Billboards</b> |                       |                        |   |
|---|-----------------------|------------------------|---|
| Address or Location of Sign or Billboard                | Year Originally Built | Total Capitalized Cost | True Cash Value Assessor's Calculations |
|   |                       |                        |   |
|   |                       |                        |   |
| <b>Total</b>  |                       | <b>N1</b>              | <b>N2</b>                               |

| <b>Section O: Rental Information (To be completed by the Landlord or Tenant)</b>                     |   |  |  |
|--|---|--|--|
| 1. Address of property rented or leased  |   | 2a. Date current lease or rental arrangement began |  |
| 2b. Is this a renewal?<br><input type="checkbox"/> Yes <input type="checkbox"/> No                   | 3. Date current lease will expire, if other than a month-to-month tenancy | 4. Monthly Rental \$                               |  |
| 5. Are there options to renew the lease?<br><input type="checkbox"/> Yes <input type="checkbox"/> No | 6. Expenses (e.g. taxes, electric, gas, etc.) paid by the tenant          | 7. Square feet of space occupied by tenant         |  |

|   |                                       |
|---|---------------------------------------|
| Note to Assessor: Certain buildings and structures on leased land (but not including freestanding signs and billboards) must be assessed on the real property roll. See Bulletin 1 of 2003. | <b>Assessor Calculated Value (O1)</b> |
|---|---------------------------------------|

| <b>Grand Total Costs of Personal Property Subject to Local Property Tax. Enter zero costs if appropriate.</b>                                  |                                    |                       |
|--|------------------------------------|-----------------------|
| Description of Totals  | Taxpayer Totals                    | Assessor Calculations |
| 1. Total cost from Sections A through O.   |                                    |                       |
| 2. Total cost of Cable TV, Utility and Wind Energy Assets for years 2008-2012 on Forms 633, 3589 and 4565. (Include copy.)                     |                                    |                       |
| 3. Total cost of Idle or Obsolete or Surplus Equipment and Cellular Site Equipment for years 2008-2012 on Forms 2698 and 4452. (Include copy.) |                                    |                       |
| 4. Total cost of Automotive Manufacturing Equipment for years 2008-2012 on Form 4798. (Include copy.)  |                                    |                       |
| <b>GRAND TOTALS</b>  |                                    |                       |
|  | <b>ASSESSOR'S ADJUSTMENT(S)</b>    |                       |
|  | <b>TRUE CASH VALUE</b>             |                       |
|  | <b>ASSESSED VALUE (50% OF TCV)</b> |                       |

**PART 3: Report of Fair Market Value (Acquisition Cost) of Qualified New and Previously Existing Personal Property**

Qualified new personal property and qualified previously existing personal property located on occupied real property is exempt from local ad valorem taxation and is instead subject to the Essential Services Assessment (ESA), payable to the Michigan Department of Treasury. Additionally, certain P.A. 198 (IFT) Property and New Personal Property (P.A. 328) as determined below are subject to the Essential Services Assessment. **See instructions, page 6.**

- Check if there is **zero acquisition cost** reported in the total in Part 3, Section B, below. **Unless this box is checked, failure to report acquisition cost in Section B may result in rescission of the EMPP exemption for this parcel.**
- Check if the personal property reported on this form includes **leased personal property** for which the election of lessee report is being filed. The taxpayer must complete the *Election of Lessee Report of Eligible Manufacturing Personal Property* (Form 5467) and include it with this copy of Form 5278 when filed with the local tax collecting unit.

**Section A: Summary and Reporting Instructions for Essential Services Assessment**

Provide a yes or no answer to all questions. If a yes answer is provided, the Acquisition Cost [MCL 211.1053(a)(i)] for that eligible personal property must be reported below. Only the Acquisition Cost for property subject to an extended New Personal Property (P.A. 328) or extended Industrial Facilities (P.A. 198) Exemption (see definitions in Part 5) should be reported in years 2008, 2009, 2010, 2011 or 2012 of Part 3 of the Combined Document.

1. Is the personal property reported on this Combined Document subject to an Industrial Facilities Exemption Certificate (P.A. 198 of 1974) that was in effect on or after December 31, 2012? If yes, attach a copy of the IFT certificate.....  Yes  No

IFT Certificate Number: 

|   |   |   |   |
|---|---|---|---|
| Y | Y | Y | Y |
|---|---|---|---|

 — 

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

|  |
|--|
|  |
|--|

 Certificate Begin Date 

|  |  |
|--|--|
|  |  |
|--|--|

 Certificate End Date 

|  |  |
|--|--|
|  |  |
|--|--|

**NOTE:** The IFT Certificate Number is typically seven digits, although some may also have an additional character that is entered in the dotted field. Otherwise, leave the dotted box blank.

2. Is the personal property reported on this Combined Document subject to a P.A. 328 (MCL 211.9f) New Personal Property exemption that was in effect on or after December 31, 2012, and expired on or before December 30, 2017? If yes, attach a copy of the P.A. 328 certificate.....  Yes  No

P.A. 328 Certificate Number.: 

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

 — 

|   |   |   |   |
|---|---|---|---|
| Y | Y | Y | Y |
|---|---|---|---|

 Certificate Begin Date 

|  |  |
|--|--|
|  |  |
|--|--|

 Certificate End Date 

|  |  |
|--|--|
|  |  |
|--|--|

3. Is the personal property reported on this Combined Document subject to Alternative Essential Services Assessment as the result of a resolution adopted in or after 2016 under provisions of MCL 211.1059 by the Michigan Strategic Fund (MSF)? If yes, attach a copy of the MSF resolution .....  Yes  No

MSF Certificate Number: 

|   |   |   |   |
|---|---|---|---|
| Y | Y | Y | Y |
|---|---|---|---|

 — 

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

 Certificate Begin Date 

|  |  |
|--|--|
|  |  |
|--|--|

 Certificate End Date 

|  |  |
|--|--|
|  |  |
|--|--|

4. Is the personal property reported on this Combined Document subject to a Renaissance Zone Exemption?.....  Yes  No

|                       |                 |
|-----------------------|-----------------|
| Renaissance Zone Name | Expiration Date |
|-----------------------|-----------------|

**Section B: Report of Acquisition Cost**

**Report of Qualified New Personal Property (MCL 211.9m) and Qualified Previously Existing Personal Property (MCL 211.9n).** For purposes of reporting in this section, "Acquisition cost" means 100% of the fair market value of personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, prior to any reduction of Fair Market Value provided for by statute. Report Construction in Progress (CIP) as defined in MCL 211.9m(7)(c) in this part of the Document. For Construction in Progress, Acquisition Cost includes the cost of freight, sales tax, and installation. (See instructions for more information on Construction in Progress.)

| Year Placed in Service   | Acquisition Cost [MCL 211.1053(a)(i)] |   |
|--------------------------|---------------------------------------|---|
| Construction in Progress |                                       |   |
| 2017                     |                                       |   |
| 2016                     |                                       |   |
| 2015                     |                                       |   |
| 2014                     |                                       |   |
| 2013                     |                                       |   |
| *2012                    |                                       | <div style="display: flex; align-items: center;"> <div style="background-color: black; color: white; padding: 5px; transform: rotate(-45deg); transform-origin: center;"> <b>Note for 2008-12</b> </div> <div style="margin-left: 10px;"> <p>* Acquisition Cost for 2008-2012 should only be reported in Part 3 if an IFT or extended P.A. 328 certificate with a Certificate Begin Date before December 31, 2012, AND End Date before December 31, 2017, is reported in Section A above. Acquisition Costs for 2008-2012 for personal property subject to an IFT should also be reported in Part 2. See instructions for the rules regarding IFT, extended IFT, P.A. 328, or an extended P.A. 328 certificate reporting.</p> </div> </div> |
| *2011                    |                                       |   |
| *2010                    |                                       |   |
| *2009                    |                                       |   |
| *2008                    |                                       |   |
| 2007 and Prior           |                                       |   |
| <b>TOTAL</b>             |                                       |   |

## Instructions for Form 5278

# Eligible Manufacturing Personal Property Tax Exemption Claim, Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)

**NOTE: A section on term definitions is included at the end of these instructions.**

### What's New for 2018

- Qualified new and previously existing personal property first placed in service inside or outside of the state in 2007 and 2017 is now exempt from ad valorem taxation and is instead subject to the State Essential Services Assessment (ESA). Qualified personal property first placed in service in 2016, 2015, 2014, 2013, and 2007 and Prior is now eligible and acquisition costs should be reported in Part 3 of this Combined Document.
- Acquisition costs for Construction in Progress as well as years 2017, 2016, 2015, 2014, and 2013 should be reported on part 3 section B of the combined document. Acquisition costs for years 2008-2012 should be reported in Part 3 section B only if the property is subject to an extended IFT or extended P.A. 328 certificate. Any property reported for 2008-2012 in Part 3 section B must also be reported in Part 2 of Form 5278.
- Delivery by the United States Postal Service is timely if postmarked on or before February 20, 2018.
- Beginning in 2018, eligible claimants who did not submit Form 5278 to the assessor of the local unit in which the property is located by February 20 may submit a completed Form 5278 directly to the March Board of Review of the local unit in which the property is located prior to final adjournment of their March meeting.

### General Instructions

This Combined Document may only be used by those claiming the Eligible Manufacturing Personal Property (EMPP) exemption. Taxpayers should review the Assessor's Guide to Eligible Manufacturing Personal Property and ESA and ESA Topics available online at [www.michigan.gov/esa](http://www.michigan.gov/esa) for more information on what is EMPP. Claimants must annually complete this form in its entirety for each parcel of eligible personal property and file it with the local unit where the personal property is located by February 20, 2018. Eligible claimants who did not file by February 20, 2018, may file Form 5278 to the March Board of Review prior to final adjournment of their March meeting. Taxpayers not claiming the EMPP exemption should not use this Combined Document, but should file the *Personal Property Statement* (Form 632) with their local tax collecting unit.

Leasing companies are not eligible to receive the exemption for qualified new personal property and qualified previously existing personal property and may not use this Combined Document. With respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, if the personal property is or will be Eligible Manufacturing Personal Property, the lessee and lessor may elect that the lessee report the leased personal property on this Combined Document and be responsible for any Essential Services Assessment liability that results.

To elect for the lessee to report the leased personal

property, at least some, but not necessarily all, personal property subject to the lease agreement must be Eligible Manufacturing Personal Property as defined in MCL 211.9m and MCL 211.9n. The *Election of Lessee Report of Eligible Manufacturing Personal Property* (Form 5467) must also be attached to this Combined Document at the time it is filed with the local tax collecting unit.

If election is made, property subject to the lease agreement must be reported on Part 2 and/or Part 3 of this Combined Document, as applicable.

All State Tax Commission Bulletins and Forms referenced in these instructions can be accessed at [www.michigan.gov/PPT](http://www.michigan.gov/PPT) or [www.michigan.gov/ESA](http://www.michigan.gov/ESA).

Other forms that are required to be filed with this Statement are required to be completed only for personal property placed in service for years 2008 through 2012. These forms are:

- Form 633, *Electric Distribution Cooperative Personal Property Statement*.
- Form 3589, *Cable Television and Utility Personal Property Report*.
- Form 4565, *Wind Energy System Report*.
- Form 2698, *Idle Equipment, Obsolete Equipment, and Surplus Equipment Report*.
- Form 4452, *Cellular (Wireless) Site Equipment Personal Property Report*.
- Form 4798, *Automotive Manufacturing Equipment Personal Property Report*.
- Form 5467, *Election of Lessee Report of Eligible Manufacturing Personal Property*.

### Part 1: Claim of Eligible Manufacturing Personal Property

This section must be filled out in its entirety in order to qualify for the exemption. This includes the local unit information, property owner information and certification. Partially completed forms may not be accepted by the local unit and your failure to fully complete the Combined Document may result in denial of the exemption.

**Personal Property Location Information:** The parcel number for the personal property being claimed as EMPP must be provided. If no number exists, contact the assessor of the local unit in which the personal property is located and request that a number be assigned. List the local unit of government in which the property is assessed. Only one field, in addition to the County field, should be entered unless the claimed personal property is located in a village, in which case both the village and township should be listed. Certification of the Form indicates understanding that the certification and payment of ESA must be performed electronically. No tax bill will be sent by Treasury and no ESA return or payment will be accepted by mail.

# Instructions for Part 2: Personal Property Statement for Eligible Manufacturing Personal Property, Renaissance Zone Personal Property and Industrial Facility Personal Property

## Part 2 — General Instructions

**Generally, the instructions for completing the Statement in Part 2 are the same as the instructions that have been used in the Personal Property Statement (Form 632). Attach additional pages if there is insufficient space to report on the Combined Document.**

**Summary Question 1:** “Special Tools” are exempt from taxation, pursuant to MCL 211.9b. If you are excluding “special tools” from your statement, you must check “Yes” and insert the amount of original cost excluded. (If you do not have exempt special tools but have pollution control or wind/water energy conversion devices, check the “Yes” box but insert “N/A” in the space provided for reporting the cost of exempt special tools.) “Special tool” means a finished or unfinished device such as a die, jig, fixture, mold, pattern, special gauge, or similar device that is used, or is being prepared for use, to manufacture a product and that cannot be used to manufacture another product without substantial modification of the device. As used herein, a “product” can be a part, a special tool, a component, a subassembly or completed goods. “Special tools” do not include devices that differ in character from dies, jigs, fixtures, molds, patterns, or special gauges. Machinery or equipment, even if customized, and even if used in conjunction with special tools, is not a “special tool.”

**NOTE:** Exempt special tooling retains specific exemption under MCL 211.9b and MCL 211.9d. As a reminder, there are very few tools that fall into the exempt special tools category. Tooling that was previously reported in Section H will either now be exempt and subject to ESA and reported in Part 3 (years 2013, 2014, 2015, 2016, or 2017 and 2007 and prior) or reported in Part 2 for years 2008 through 2012 in the corresponding table. (Taxpayers are recommended to use Section B.)

**Air and water pollution control facilities and/or wind or water energy conversion devices** qualify for exemption only if an exemption certificate has been issued by the State Tax Commission. If you claim such an exemption, check “Yes” and attach an itemized list of the certificate numbers and the dates of issuance.

**Summary Question 2:** You must file a completed Form 5278 with the assessor of every Michigan assessment jurisdiction in which you had Eligible Manufacturing Personal Property on December 31, 2017. Further, you are required to report all tangible personal property in your possession in this location even if the property has been fully expensed or depreciated for federal income tax or financial accounting purposes. If you answer “No” to this question, attach a detailed explanation.

**Summary Question 3:** The purpose of this question is to determine whether you are a party to a contract relative to personal property located in this jurisdiction on December 31, 2017, that you have not reported on this statement, perhaps because of your belief that another party to

the contract is the proper party to report. This includes situations where you believe you hold only a security interest in personal property, in spite of the fact that the contract is labeled a “lease.” If you answered “yes” to this question, attach a rider that includes the name(s) of the interest holder(s), the nature of your interest, a description of the equipment, the year the equipment was originally placed in service, its original selling price when new and the address where the property was located on December 31, 2017. “Conditional sale” leased equipment must be reported by the lessor.

The valuation multipliers contained in Sections A through F on page 2 are intended to be applied to the acquisition cost of new, not used, personal property. If the acquisition cost of an asset is known to you or can be reasonably ascertained through investigation, you must report that cost in the year it was new when you complete Sections A through F, even if you have adjusted the cost in your accounting records to reflect revaluation of the asset using a “purchase,” “fresh start,” “push-down” or similar accounting methodology, or even if your booked cost reflects a “used” purchase, lease “buy-out” price or a “trade-in” credit. If you were unable to report the acquisition cost for one or more of your assets, you should check “Yes” and attach a list of all such assets. On the list, provide a detailed description of each asset, the year or approximate year that the asset was new, and the Section, the amount and acquisition year at which you have reported the asset. You must also provide a written explanation of the reason(s) that the original acquisition cost information is not available.

**Summary Question 4:** Check “Yes” if you are a lessor (landlord), a lessee (tenant) or a sublessee (subtenant) in a rental contract relating to the real property at this location. MCL 211.8(i) provides that, under some circumstances, the value, if any, of a sub-leasehold estate shall be assessed to the lessee. If you check “Yes,” complete Section O. Your rental arrangement will be analyzed by the assessor. If you check “Yes” and have made leasehold improvements to the real estate, you must also complete Section M. Your completion of Sections M and O will not necessarily result in an increased assessment.

**Summary Question 5:** “Daily rental property” is tangible personal property, having a cost new of \$10,000 or less, that is exclusively offered for rental, pursuant to a written agreement, on an hourly, daily, weekly or monthly basis for a term of 6 months or less (including all permitted or required extensions). If you acquired the property “used” you must determine the cost new for purposes of determining whether the property qualifies for “daily rental property” treatment. If you believe that you have such property, see Property Statement - Daily Rental Property (Form 3595) for additional information. If you qualify, you must complete Form 3595.

**Summary Question 6:** This question requires you to disclose other businesses that share space with you at the

location(s) of your business. If you answer “Yes” attach a list of all other businesses operating at your location(s). If you are located in a shopping center, office building or other multi-tenant facility, you are not required to list businesses having a different legal address.

---

## Part 2 — General Instructions for Sections A through F

---

You must report in these Sections the full acquisition cost new, in the year of its acquisition new, of all machinery and equipment, computer equipment, furniture and fixtures, signs, coin operated equipment, office equipment, electronic, video and testing equipment, rental video tapes and games and other tangible personal property owned by you and located in this assessment jurisdiction, even if you have fully depreciated the asset or have expensed the asset under Section 179 of the Internal Revenue Code or under your accounting policies. All costs reported must include freight, sales tax and installation costs, even in cases where the cost was actually incurred by another. The costs reported must include all costs (except capitalized interest) that would be capitalized by an end-user/owner of the property under generally accepted accounting principles, including overheads and “indirect costs” associated with the process of constructing, acquiring or making the property available for use. Capitalized expenditures made to a piece of machinery or equipment after the initial acquisition year must be reported in the year the expenditure is booked as a fixed asset. These costs must be reported the same as they are shown on your financial accounting fixed asset records, assuming that you account using generally accepted accounting principles. You must also report in these sections any other tangible personal property in your possession or under your control in this jurisdiction that is not reported under sections G through N. The acquisition costs for the assets reported under each section must be totaled for each acquisition year. Place the yearly total on the line of the section corresponding to the year that the property was acquired. You must report the original acquisition cost, not your estimation of the value of the property.

The cost reported in each of the sections of this form, and other forms used with this form, should include the full invoiced cost without deduction for the value of certain inducements such as: service agreements and warranties when these inducements are regularly provided without additional charge.

**Inventory** is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental, rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory.

**Motor vehicles** registered with the Michigan Secretary of State on December 31, 2017, are exempt. Special mobile equipment, as defined by MCL 257.62, and nonregistered motor vehicles are assessable.

**Computer software**, if the purchase was evidenced by a separate invoice amount, and asset number, and if the software is commonly sold separately, is exempt.

If you have had “**Move-Ins**” of used property during calendar year 2017, you must complete Form 3966, in addition to completing this form. “Move-Ins” are items of assessable personal property that were not assessed in this city or township in 2017, including: acquisitions of previously used personal property (which should be reported in the year it was new and at the cost when new); used personal property you have moved in from outside this city or township; and personal property that you mistakenly omitted from your statement in 2016. “Move-Ins” do not include property moved from another location within this city or township or assessed to another taxpayer within this city or township in 2017 (i.e. property reported by a previous owner or previously leased property reported by the lessor to this city or township last year). All “Move-Ins” must be reported in the appropriate section of this form, in addition to being reported on Form 3966.

You must report the cost of business trade fixtures in the appropriate section, A through F, rather than in section M where you report leasehold improvements. You must also report the costs of installing personal property in the appropriate section, A through F. Trade fixtures and installation costs of machinery and equipment must not be reported in section M, even if you have booked them as leasehold improvements for financial accounting purposes. Trade fixtures are items of property that have been attached to real estate by a tenant to facilitate the tenant’s use of the property for business purposes and which are both capable of being removed and are removable by the tenant under the terms of the lease. Examples of trade fixtures are certain costs related to telephone and security systems and most signs. Examples of installation costs are the costs of machine foundations and electric, water, gas and pneumatic connections for individual manufacturing machines.

A summary of the items that should be reported in each section is contained in STC Bulletin 12 of 1999, its later annual supplement(s) and in these instructions. MCL 211.19 requires that you complete this form in accordance with the directions on the form and in these instructions. You may, however, attach supplementary material for the assessor to consider in making valuation decisions. If you have questions regarding proper categorization of property, contact the State Tax Commission for clarification.

---

## Part 2: Personal Property Statement – Detailed Instructions

---

### Report of Statement Section A, Furniture and Fixtures:

The assets to be reported in this section include decorations, seating, furniture (for offices, apartments, restaurants, stores and gaming establishments), shelving and racks, animal cages and tanks, lockers, modular office components, cabinets, counters, rent-to-own furnishings, medical exam room furnishings, therapeutic medical beds and bedding, bookcases, displays, mobile office trailers, special use sinks (such as those found in medical offices, beauty shops and restaurants), tables, non-electronic recreational equipment, filing systems, slat walls, non-freestanding signs, window treatments, uniforms and linens, cooking, baking and eating implements, shopping carts, booths and bars. Other assets may be included at a later time.



**Report of Statement Section B, Machinery and Equipment:** The assets to be reported in this section include all assets that are not designated for disclosure in another section. Specifically, such assets include the following types of machinery and equipment: air compressors, airport ground, non-coin operated amusement rides and devices, auto repair and maintenance, beauty and barber shop, boiler, furnace, bottling and canning, crane and hoist, car wash, chemical processing, construction, unlicensed vehicular, conveyor, non-coin operated dry cleaning and laundry, air makeup and exhaust systems, manufacturing and fabricating, food processing, gym and exercise, heat treating, landscaping, sawmill, incinerators, maintenance and janitorial, non-electronic medical and dental and laboratory and veterinary equipment, mining and quarrying, mortuary and cemetery, painting, hydrocarbon refining and production and distribution, plastics, pottery and ceramics, printing and newspaper, rubber manufacturing, scales, ski lifts, smelting, stone and clay processing, supermarket, textile, tanning, vehicle mounted, waste containers, wire product manufacturing, woodworking, automated tellers (ATM), computer controlled lighting, CNC controlled manufacturing, theater equipment, restaurant food preparation and dispensing and storing and serving equipment, soft drink fountains, coin counters, beverage container return machines, storage tanks, hand tools of mechanics and trades, nonregistered motor vehicles, freestanding and other safes not assessed as real property, oil and gas field equipment and gathering lines prior to commingling product with other wells (other lines are reported in Section J, Form 3589), portable toilets, metal shipping pallets and containers, portable saw mills, LP tanks under 2,000 gallons, fuel dispensing control consoles, computer-controlled printing presses, stereo lithography apparatus, forklift trucks, non-coin operated gaming apparatus and computerized and mechanical handling equipment, commercial mail sorting operation equipment, pill counters, pram robotics. Other assets may be included at a later time.

**Section C is omitted from use.**

**Report of Statement Section D, Office, Electronic Video and Testing Equipment:** The assets to be reported in this section include office machines, non-computerized cash registers, faxes, mailing and binding equipment, photography and developing equipment, including one-hour photo developing equipment, shredders, projectors, telephone and switchboard systems (even if computerized), audio and video equipment (used for receiving, transmitting, recording, producing and broadcasting), amplifiers, CD, cassette and disc players, speakers, cable television local origination equipment, electronic scales, surveillance equipment, electronic diagnostic and testing equipment (for automotive shops, medical offices, hospitals and dental offices), ophthalmology testing equipment, satellite dishes, video-screen arcade games, electronic testing equipment, electronic laboratory equipment, cellular telephones, medical laser equipment, reverse osmosis and hemodialysis systems, movable dynamometer, spectrum analyzer, security systems, 2-way and mobile land radio

equipment, pay-per-view systems, wooden and plastic pallets and shipping containers, rental musical instruments and distributive control systems (see STC Bulletin 3 of 2000). Office machines which are not capable of being integrated into a local area or wide area computer network, office machines that are only capable of being used as a facsimile transmitting/receiving machine and/or as a copier, and office machines that are multifunctional but are not capable of being used as a computer peripheral, are reported in this section. A copier is a freestanding or desktop piece of office equipment, which is most commonly used in an office setting, and which is primarily designed to print, or to make copies of short-run text material produced in that office. Copiers generally use commercially available 8.5" by 11" bond or copy paper and produce duplicate originals of text documents in such a way that the use of carbon paper or other duplicating processes can be avoided. Printing presses are not copiers and must be reported in Section B of this form even if the operation of the printing press is regulated or controlled digitally, is controlled by a computer, or is automated. A printing press is a device designed primarily to produce commercial runs of printed material, such as books, pamphlets, forms, magazines, newspapers, or advertising circulars, for commercial sale, regardless of the technology employed in such production and regardless of the type of paper which is used. The definition of a printing press specifically includes any machine that employs an offset or other non-impact printing process, if the machine otherwise meets the definition of a printing press. Cellular site equipment, specifically including communication towers and land improvements must be reported on Form 4452, rather than in this section.

**Report of Statement Section E, Consumer Coin Operated Equipment:** The assets to be reported in this section include consumer coin-operated equipment such as bill and change machines, juke boxes, pinball machines, coin-operated pool tables and other non-video arcade games, snack and beverage machines, other vending machines, news boxes, laundry equipment, coin operated telephones and slot machines. Other assets may be included at a later time.

**Report of Statement Section F, Computer Equipment:** The assets to be reported in this section include assessable software, personal and midrange and mainframe computer and peripheral equipment, including servers, data storage devices, CPUs, input devices such as scanners and keyboards, output devices such as printers and plotters, monitors, networking equipment, computerized point of sale terminals, global positioning system equipment, lottery ticket terminals, gambling tote equipment, pager instruments, cable television converters and receivers for home satellite dish television systems.

A programmable logic control device for a machine should be reported in section B with the machine it serves. Office machines which are capable of being integrated into a local area or wide area computer network and office machines that are single function, or multifunction, and which are capable of being used as a computer peripheral, including



copiers that can be used as a computer peripheral, are reported in this section. Other assets may be included at a later time.

**Report of Statement Section G, Other Owned Assessable Personal Property:** Report all nonexempt tangible personal property owned by you at this location that is not entitled to depreciation/cost recovery under the United States Internal Revenue Code or that the assessor has told you to report in this section or that otherwise presents special valuation problems. An example of property not entitled to depreciation/cost recovery is fine art. Examples of properties that represent special valuation problems are: locally- assessed copper and fiber optic cable not reportable in Section M, frequently supplemented professional books, feature motion picture films, audio and video productions not sold to the public at large, musical instruments used for professional performance, LP tanks of 2,000 gallons or more that have not been assessed as real property, nuclear fuel and toll bridge company structures. Provide all requested information. An inspection of the property may be necessary. Property reported in this section should not be reported elsewhere on this form.

**Section H is omitted from use.**

**Report of Statement Section I, Qualified Personal Property:** Report “qualified personal property” in this section. Do not report “qualified personal property” in sections A through F. “Qualified personal property” is property that was made available to you by a “qualified business” (usually a leasing company or a finance company) and which is not assessable to the “qualified business.” Such property is assessable to you as the user. The requirements for “qualified business” treatment are strict and many leasing and financing companies do not qualify. Further, such treatment only applies to property subject to an agreement (usually labeled a lease) entered into after December 31, 1993, that qualifies for treatment as “qualified personal property.” The “qualified business” is required to have filed a statement with the assessor by February 1 of the current year and is required to have made a written agreement with you in which it is specifically agreed that you will report the property to the assessor as “qualified personal property.” See MCL 211.8a.

**Report of Statement Section J and K, Leased and Other Personal Property in Your Possession Which in Not Qualified Personal Property:** Report all business machines, postage meters, machinery, equipment, furniture, fixtures, tools, burglar alarms, signs and advertising devices and other tangible personal property that you are renting or leasing from another person or entity. Provide all of the information requested for each lease. You must provide the actual or estimated selling price new of the asset MCL 211.13 provides that all tangible personal property shall be assessed to the owner thereof, unless the owner is not known. A personal property statement will be sent to the owner. Property reported in this section should not be reported elsewhere on this form.

Report all machines, meters, machinery, equipment, furniture, fixtures, tools, signs and advertising devices that

are in your possession but are not owned, leased or rented by you. Examples include equipment left with you by vendors, such as display racks, coolers or fountain equipment, property loaned to you by another, property left with you for storage or rebuilding, consigned equipment not held for resale and assets sold but not yet picked up by the purchaser. Provide all of the information requested for each asset. You must provide the actual or estimated selling price new of the asset so that control totals can be generated for use on the Summary and Certification portion of page 1. MCL 211.13 provides that all tangible personal property shall be assessed to the owner thereof, unless the owner is not known. A personal property statement will be sent to the owner.

**Section L is omitted from use.**

**Report of Statement Section M Leasehold Improvements:** This section is to be completed by tenants who are renting or leasing real property. All improvements (leasehold improvements) you have made to the real property should be reported, even if you believe that the improvements are not subject to assessment as personal property. Provide as much detail as possible so that the assessor can determine whether an assessment should be made. Coaxial and/or fiber-optic wiring costs and associated infrastructure of audio and/or visual systems serving subscribers of one or more multiple unit dwellings or temporary habitations under common ownership, and which do not use public rights-of-way shall be reported in this section and be clearly identified as such. You may use attachments, but only if your attachment provides all the information requested in this section and if you insert the Total Cost Incurred where required on the Combined Document.

**Report of Statement Section N, All Freestanding Signs and Billboards:** Report the total capitalized cost and year of construction of buildings and other structures you have placed on land not owned by you, such as leased or public lands or on public rights- of-way. Costs of freestanding communications towers and associated equipment buildings (unless such costs have been reported on Form 4452) and costs of freestanding billboards are examples of other structures that are to be reported. The reported cost must include all costs capitalized on your records. See STC Bulletin 8 of 2007.

**Report of Statement Section O, Rental Information:** Landlords and tenants must provide rental information relating to lease arrangements to which they are a party. Do not report lease or rental arrangements relating to property occupied for residential purposes. If you are a landlord with multiple properties, contact the assessor to arrange an acceptable alternative reporting method.

**Grand Total Costs of Non-eligible Personal Property**

Enter zero costs if appropriate.

Costs reported in this section **are for tax years 2008 through 2012 only**. Costs for years 2007 and prior and 2013 through 2017 should be reported in Part 3 of this Combined Document.

**Number 1:** Complete Sections A through O. Add the totals from Sections A through O to arrive at a Grand Total Cost for these Sections.

**Number 2:** If you had cable television or utility assets on December 31, 2016, complete the Cable Television and Public Utility Personal Property Report (Form 3589), or the Electric Distribution Cooperative Personal Property Statement (Form 633), and carry the Total Original Cost for years 2008-2012 from Form 3589 or Form 633 to line 2. See the instructions to Form 3589. If you had wind energy system assets as defined in MCL 211.8 (i), on December 31, 2017, complete the Wind Energy System Personal Property Report (Form 4565) and carry the total original cost from Form 4565 to line 3. See the instructions to Form 4565.

**Number 3:** If you had assets that qualified as “idle equipment” or as “obsolete or surplus equipment” on December 31, 2017, complete Idle, Obsolete and Surplus Equipment (Form 2698), and carry the Total Original Cost for years 2008-2012 from Form 2698 to line 3.

“Idle equipment” is equipment that is part of a discontinued process and that has been disconnected and is stored in a separate location. Assets are not “idle” if they are present as standby equipment, are used intermittently or are used on a seasonal basis. “Obsolete or surplus equipment” is equipment that either requires rebuilding and is in the possession of a rebuilding firm on December 31, 2017,

OR is being disposed of by means of an advertised sale because it has been declared as surplus by an owner who has abandoned a process or plant. Property that is part of a process that has been temporarily suspended from operation or which is being offered for sale with the expectation that the process will be continued at the same location, does not qualify for idle or obsolete and surplus reporting treatment. Only property which would otherwise be reported in Sections A through F on this Statement qualifies to be reported as idle or obsolete and surplus equipment. For more information, see instructions to Form 2698. Do not include these assets elsewhere on this Statement. If you had cellular (wireless) site assets on December 31, 2017, complete the Cellular (Wireless) Site Equipment Personal Property Report (Form 4452), and carry the Total Original Cost from Form 4452 to line 4. See the instructions to Form 4452. The full acquisition cost of idle and obsolete equipment that is eligible manufacturing personal property must be reported in Part 3, if it was first placed in service in 2007 and prior or after 2012. There is no deduction for idle, obsolete, or surplus equipment in the calculation of ESA liability.

**Number 4:** If you had assets that qualified as automotive manufacturing personal property on December 31, 2017, complete the Automotive Manufacturing Equipment Personal Property Report (Form 4798) and carry the Total Original Cost for years 2008-2012 from Form 4798 to line 4.

---

## Instructions for Part 3: Essential Services Assessment Statement Instructions

For further information, all State Tax Commission Bulletins and Forms referenced in these instructions are available at [www.michigan.gov/ESA](http://www.michigan.gov/ESA) or [www.michigan.gov/PPT](http://www.michigan.gov/PPT).

---

### Summary and Reporting Instructions for Essential Services Assessment

---

Provide a yes or no answer to all questions. If a yes answer is provided, the acquisition costs for that eligible personal property must be reported as indicated by the instructions. A list of all applicable certification numbers for this parcel must be attached to this form.

Claimants filing Form 5278 to report EMPP that is not yet eligible for the exemption should check the “zero acquisition cost” box to indicate that they are willfully reporting no acquisition costs in Part 3 of Form 5278. Parcels for which no acquisition costs have been reported on an ESA return by October 15 will have any EMPP exemption rescinded, unless this box has been checked on Form 5278.

Check the leased personal property box only if Form 5467 is attached to this Form 5278 when filed.

**Number 1:** Qualified new or previously existing personal property exempt under MCL 211.9m or MCL 211.9n and that was subject to an Industrial Facilities Exemption Certificate (P.A. 198) that was in effect on or after December 31, 2012, must be designated in this part including the certificate

number. Attach a copy of the IFT certificate or other official documentation.

**IFT certificate numbers are assigned by the State Tax Commission upon approval and consist of a four digit year and a unique three-digit number, separated by a dash. Certificates that have been amended by the State Tax Commission may also include a letter (typically “a”) following the seven digits.**

**Number 2:** Personal property subject to an MCL 211.9f (P.A. 328) exemption that was in effect on or after December 31, 2012, must be designated in this section including the certificate number. Attach a copy of the P.A. 328 certificate or other official documentation.

P.A. 328 certificate numbers are assigned by the State Tax Commission upon approval and consist of a unique three-digit number followed by a four digit year, separated by a dash.

**Number 3:** Personal property subject to a 50% or 100% resolution issued under provisions of MCL 211.1061 by the Michigan Strategic Fund beginning in 2016 (MCL 211.1059) must be designated in this part. Attach a copy of the MSF resolution.

**Number 4:** Personal property subject to a Renaissance Zone exemption must be designated in this part including the name of the Renaissance Zone.

---

## Report of Qualified New Personal Property (MCL 211.9m) and Qualified Previously Existing Personal Property (MCL 211.9n)

---

Report 100% of the Eligible Personal Property's Fair Market Value at the time of acquisition by the first owner for the years 2007 and prior and the years 2013-2017. There is a rebuttable presumption that the acquisition price paid by the first owner for personal property, and any costs of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, reflect the acquisition cost. The cost of freight, sales tax and installation must be included. Other capitalized costs, except capitalized interest must be reported. Construction in Progress (CIP), as defined in MCL 211.9m(8)(c), is reported on the separate "Construction in Progress" line.

EMPP claimants should not adjust the fair market value to address deductions related to valid IFT certificates, Renaissance Zones, or Construction in Progress.

Report fair market value **only** for years highlighted (2008 through 2012) in which personal property is subject to an extended IFT or P.A. 328 exemption. An IFT or P.A. 328 may be extended only if the certificate was in effect on or after December 31, 2012, AND expired prior to December 31, 2017. An IFT or P.A. 328 certificate that expires after December 31, 2017, is not extended and acquisition cost new for years 2008 through 2012 should be reported in Part 2 of this Combined Document.

**NOTE:** If the EMPP claimed on this combined document is approved by the local tax collecting unit, the information reported on Form 5278 will be transmitted to the Michigan Department of Treasury. By May 1, the Department of Treasury shall generate an electronic statement for each eligible claimant for calculation of the Essential Services Assessment. This statement is available through the Michigan Treasury Online (MTO) website at [www.mto.treasury.michigan.gov](http://www.mto.treasury.michigan.gov). To receive the EMPP exemption, the eligible claimant is required to certify and electronically

pay the ESA tax liability shown on that certified statement. This ESA Statement is only available online and will not be mailed or otherwise transmitted to the claimant. To receive the EMPP exemption for 2018 and avoid late penalties, each taxpayer is required to certify this ESA Statement and pay the full ESA liability by August 15, 2018. Payments not received by August 15 begin to accrue penalty at the rate of 1% per week to a maximum of 5%. If 2018 is the claimant's first assessment year, the penalty shall be waived if the statement and full payment are submitted by September 15. No waiver of late payment penalty is available to claimants who filed in 2016 and/or 2017.

In accordance with statutory requirements, an eligible claimant can pay the ESA tax and any late payment penalty by using MTO, Electronic Funds Transfer (EFT) credit, or e-file no later than October 15. Payments cannot be mailed to Treasury.

Detailed instructions on how to navigate MTO, as well as additional information regarding the EMPP exemption, ESA tax, and approved electronic filing and payment methods, are available on the ESA website at [www.michigan.gov/esa](http://www.michigan.gov/esa). Claimants and professionals providing services to claimants are encouraged to sign up for the ESA listserv to receive pertinent information regarding EMPP and ESA as well as reminders of important dates.

The State Essential Services Assessment Act (P.A. 92 of 2014, as amended) requires taxpayers claiming an EMPP exemption to file and certify an ESA statement and electronically submit payment of their ESA liability in full by August 15 to avoid late payment penalties. If a certified statement and full payment (including late payment penalties) are not received by October 15, Treasury is required to rescind the claimant's EMPP exemption.

**NOTE:** If an EMPP exemption is rescinded, the taxpayer will become liable for taxes to the local tax collecting unit and any extended P.A. 328 or IFT exemption shall be rescinded by the State Tax Commission.

---

## Definitions for Terms in Form 5278

**Acquisition cost** means the fair market value of personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest. There is a rebuttable presumption that the price paid by the first owner reflects the acquisition cost. MCL 211.1053(a)(i). For property subject to an extended P.A. 198 exemption, an IFT certificate effective before January 1, 2013, that is not yet expired, or under an extended IFT, acquisition cost means half of the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest.

**Construction in Progress** means all personal property that is part of that new facility if that personal property will be predominantly used in industrial processing when the facility becomes operational. For property that is

construction in progress, "acquired by" means the year the property is first reported on the Combined Document in the report of the fair market value and year of acquisition by the first owner of qualified new personal property or qualified previously existing personal property [MCL 211.1053(a)(ii)].

**Direct Integrated Support** is defined as:

- (i) Research and development related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
- (ii) Testing and quality control functions related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
- (iii) Engineering related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

- (iv) Receiving or storing equipment, materials, supplies, parts, or components for industrial processing, or scrap materials or waste resulting from industrial processing, at the industrial processing site or at another site owned or leased by the owner or lessee of the industrial processing site.
- (v) Storing of finished goods inventory if the inventory was produced by a business engaged primarily in industrial processing and if the inventory is stored either at the site where it was produced or at another site owned or leased by the business that produced the inventory.
- (vi) Sorting, distributing, or sequencing functions that optimize transportation and just-in-time inventory management and material handling for inputs to industrial processing [MCL 211.9m(8)(b)].

**Eligible Manufacturing Personal Property (EMPP)** means all personal property located on **occupied real property** if that personal property is predominantly used in industrial processing or direct integrated support. For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be predominantly used in industrial processing when the facility becomes operational. Personal property that is not owned, leased or used by the person who owns or leases occupied real property where the personal property is located is not EMPP unless the personal property is located on the occupied real property to carry on a current on-site business activity. Personal property that is placed on occupied real property solely to qualify the personal property for an exemption under 9m or 9n is not EMPP. For additional information regarding EMPP, refer to MCL 211.9m and State Tax Commission Bulletin 7 of 2015 [MCL 211.9m(8)(c)].

**Eligible Personal Property** (for purposes of the Essential Services Assessment) means personal property exempt under MCL 211.9m or 211.9n; personal property that is EMPP (defined in MCL 211.9m) that is exempt under a P.A. 328 (MCL 211.9f) which was approved in 2014, unless the application for the exemption was filed with the eligible local assessing district or Next Michigan development corporation before August 5, 2014, and the resolution approving the exemption states that the project is expected to have total new personal property of over \$25,000,000.00 within 5 years of the adoption of the resolution by the eligible local assessing district or Next Michigan development corporation; Personal Property subject to an extended industrial facilities exemption certificate under section MCL 207.561a (IFT); or Personal Property subject to an extended exemption under MCL 211.9f(8) (P.A. 328 Exemption) [MCL 211.1053(e)].

**Essential Services Assessment Act** is an act to levy a tax on eligible manufacturing personal property exempt under MCL 211.9m or MCL 211.9n; to provide for the administration, collection, and distribution of the tax; to impose certain duties on persons and certain state departments; to impose penalties; and to repeal acts and parts of acts. (MCL 211.1051 - 211.1061)

**Extended P.A. 328 Certificate** is a P.A. 328 certificate that was in effect on or after December 31, 2012, and has a certificate end date prior to the personal property subject to the certificate qualifying for the exemption under MCL 211.9m or MCL 211.9n. For 2018, extended P.A. 328 certificates are those that were in effect on or after December 31, 2012, and expired in 2013, 2014, 2015, 2016 or 2017.

To be extended, an PA 328 certificate must have been valid for the 2017 assessment year, either because it expired in 2017 or it was extended and EMPP reported in 2017.

**Extended IFT Certificate** is an IFT certificate that was in effect on or after December 31, 2012, and has a certificate end date prior to the personal property subject to the certificate qualifying for the exemption under MCL 211.9m or MCL 211.9n. For 2018, extended IFT certificates are those that were in effect on or after December 31, 2012, and expired in 2013, 2014, 2015, 2016 or 2017.

To be extended, an IFT certificate must have been valid for the 2017 assessment year, either because it expired in 2017 or it was extended and EMPP reported in 2017.

**Industrial Processing** is defined in MCL 205.54t and MCL 205.94o: “Industrial processing” means the activity of converting or conditioning tangible personal property by changing the form, composition, quality, combination, or character of the property for ultimate sale at retail or for use in the manufacturing of a product to be ultimately sold at retail. Industrial processing begins when tangible personal property begins movement from raw materials storage to begin industrial processing and ends when finished goods first come to rest in finished goods inventory storage. Industrial processing does not include the generation, transmission, or distribution of electricity for sale.

**NOTE: Utility personal property** (as defined in MCL.211.34c) is not used in industrial processing or direct integrated support.

**Occupied Real Property** is defined by statute in MCL 211.9m(7)(q) as:

- (i) A parcel of real property that is entirely owned, leased, or otherwise occupied by a person claiming an exemption under section 9m or 9n.
- (ii) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under section 9m or 9n and that host a single, integrated business operation engaged primarily in industrial processing, direct integrated support, or both. A business operation is not engaged primarily in industrial processing, direct integrated support, or both if it engages in significant business activities that are not directly related to industrial processing or direct integrated support. Contiguity is not broken by a boundary between local tax collecting units, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single

parcel prior to the sale or condemnation. As used in this subparagraph, “single, integrated business operation” means a company that combines 1 or more related operations or divisions and operates as a single business unit.

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

**Qualified New Personal Property** is defined as personal property that was initially placed in service in this state or outside of the state after December 31, 2012, or that was construction in progress on or after December 31, 2012, that had not been placed in service in this state or outside of this state before 2013 and is eligible manufacturing personal property [MCL 211.9m(8)(j)].

**Qualified Previously Existing Personal Property** means personal property that was first placed in service within this state or outside of this state more than 10 years before the current calendar year and is eligible manufacturing personal property [MCL 211.9m(7)(c)].