

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

**211.9m Qualified new personal property; exemption; affidavit; filing requirements; denial of claim; books and records; fraudulent claim; penalties; definitions.**

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

(2) A person shall claim the exemption under this section by filing an affidavit with the local tax collecting unit in which the qualified new personal property is located as provided in subsection (3). The affidavit shall be in a form prescribed by the state tax commission. An affidavit claiming an exemption under this section applies to all existing and subsequently acquired qualified new personal property. The local tax collecting unit shall transmit the affidavits filed, or the information contained in the affidavits filed, under this section and under section 9n to the department of treasury in the form and in the manner prescribed by the department of treasury.

(3) If a person claiming an exemption under this section has not filed an affidavit under this section in any prior year with the local tax collecting unit in which the qualified new personal property is located, that person shall file the affidavit described under subsection (2) with that local tax collecting unit not later than February 10 of the first year for which the person is claiming the exemption for qualified new personal property in the local tax collecting unit.

(4) Except for a person claiming an exemption under this section for personal property that was subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit claiming the exemption under this section is filed as provided in subsection (3) by February 10, 2016, and the person claiming the exemption under this section complied with section 19(9) in 2015, or if the filing requirement under section 19(9) was not applicable because the qualified new personal property was acquired in 2015, the person claiming the exemption under this section is not required to file a statement under section 19 for that qualified new personal property in 2016. Except for a person claiming an exemption under this section for personal property that was subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit claiming the exemption under this section is filed as provided in subsection (3), beginning in 2017, the person claiming the exemption under this section is not required to file a statement under section 19 for qualified new personal property exempt under this section. For a person claiming an exemption under this section for personal property that was subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit claiming the exemption under this section is filed as provided in subsection (3) and the person claiming the exemption under this section complied with section 19(9) in 2015, the person claiming the exemption under this section is not required to file a statement under section 19 for that qualified new personal property in the first year for which that person is claiming an exemption under this section or in any subsequent year. For a person claiming an exemption under this section for personal property that was subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit claiming the exemption under this section is filed as provided in subsection (3), but the person claiming the exemption under this section did not comply with section 19(9) in 2015, the person claiming the exemption under this section shall file a statement under section 19 for that person's qualified new personal property in the first year for which that person is claiming an exemption under this section for qualified new personal property, but that person is not required to file a statement under section 19 for that qualified new personal property in any subsequent year. If the person claiming the exemption under this section has not filed an affidavit as required under subsection (2), the personal property for which the person is claiming an exemption is subject to the collection of taxes under this act and that person shall file a statement under section 19.

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

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

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

(8) As used in this section:

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

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

(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.

(c) "Eligible manufacturing personal property" means all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. Personal property located on occupied real property is predominantly used in industrial processing or direct integrated support if the result of the following calculation is more than 50%:

(i) Multiply the original cost of all personal property located on that occupied real property by its percentage of use in industrial processing or in direct integrated support. Personal property is used in industrial processing if it is not used to generate, transmit, or distribute electricity for sale, if it is not utility personal property as described in section 34c(3)(e), and if its purchase or use by the person claiming the exemption would be eligible for exemption under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. For an item of personal property that is used in industrial processing, its percentage of use in industrial processing shall equal the percentage of the exemption the property would be eligible for under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Utility personal property as described in section 34c(3)(e) is not used in direct integrated support.

(ii) Divide the result of the calculation under subparagraph (i) by the total original cost of all personal property located on that occupied real property.

(d) "Industrial processing" means that term as defined in section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Industrial processing does not include the generation, transmission, or distribution of electricity for sale.

(e) "New personal property" means property that was initially placed in service in this state or outside of this state after December 31, 2012.

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

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

(ii) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under this section 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.

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

(g) "Original cost" means the fair market value of eligible manufacturing personal property at the time of acquisition by the current owner. There is a rebuttable presumption that the acquisition price paid by the current owner for eligible manufacturing personal property reflects the fair market value of that eligible manufacturing personal property. The department may provide guidelines for circumstances in which the actual acquisition cost of eligible manufacturing personal property is not determinative of the fair market value of that eligible manufacturing personal property and for the basis of determining fair market value of eligible manufacturing personal property in those circumstances.

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

- (i) Is eligible manufacturing personal property.
- (ii) Is new personal property.

**History:** Add. 2012, Act 401, Eff. Mar. 28, 2013;—Am. 2013, Act 154, Imd. Eff. Nov. 5, 2013;—Am. 2014, Act 87, Imd. Eff. Apr. 1, 2014.

**Compiler's note:** Enacting section 1 of Act 401 of 2012 provides:

"Enacting section 1. Section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, as added by this amendatory act, is repealed if either House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

Enacting section 1 of Act 87 of 2014 provides:

"Enacting section 1. The exclusion of generation, transmission, or distribution of electricity for sale from the definition of "industrial processing" under this amendatory act is not intended to affect any other provision of Michigan law or impact the decision in *Detroit Edison Company v Department of Treasury*, court of appeals docket no. 309732."

Enacting section 1 of Act 89 of 2014 provides:

"Enacting section 1. Section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, as added by this amendatory act, is repealed if either House Bill No. 6026 of the 96th Legislature, 2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is presented to the qualified electors of this state at an election to be held on the August regular election date in 2014 and the bill presented is not approved by a majority of the qualified electors of this state voting on the question."

**Compiler's note:** Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows:

"APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS

The amendatory act adopted by the Legislature would:

1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan.
2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services.
3. Increase portion of state use tax dedicated for aid to local school districts.
4. Prohibit Authority from increasing taxes.
5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation.

Should this law be approved?

YES [ ]

NO [ ]".

Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.

**Popular name:** Act 206