

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

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STATE TAX COMMISSION

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TO: All Assessing Officers and Equalization Directors

FROM: Michigan State Tax Commission

SUBJECT: Bank-Owned Personal Property Leased to a For-Profit Company.

MCL 211.9, subsection (m) states in part that ". . . personal property owned by a state or national bank, trust company or incorporated bank holding company that is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit is not exempt from taxation."

The following quote from the Michigan Banking Code of 1969 further reinforces the assessability of such property but goes on to state that such property should be assessed to the lessee or user of the property.

"MCL 487.469(3). The provisions of this section shall not be deemed to exempt from general property taxation any personal property of a state chartered or federally chartered bank or trust company which is leased, loaned or otherwise made available to and used by a private individual, association or corporation in connection with a business conducted for profit. Such personal property shall be subject to taxation in the same amount and to the same extent as though the lessee or user were the owner of such property. Taxes shall be assessed to such lessees or users of such property and collected in the same manner as taxes assessed to owners of personal property, except that such taxes shall not become a lien against the property. When due, such taxes shall constitute a debt due from the lessee or user to the unit of government for which the taxes were assessed."

This provision of the banking code applies to both state and federally chartered banks. Assessors should take note that banks are often owners of separately constituted corporations or companies that lease property. Such corporations are not banks and are therefore not affected by the provisions of the banking code. Personal property owned by such nonbanks should be assessed to them as required by MCL 211.13.

In spite of the provisions of MCL 487.469(3), a bank which owns and leases equipment to businesses conducted for profit must still file personal property statements as required by MCL 211.18. These statements must be on forms approved by the State Tax Commission as required by MCL 211.19. Banks must file a separate statement for each township and city where they have property located. Their filings must include acquisition costs by year of acquisition and the names and addresses of the lessees of each piece of equipment.