

**State Tax Commission Bulletin No. 9 of 1999**

**May 10, 1999**

**Exemption of New Personal Property**

DATE: May 10, 1999

TO: Assessing Officers

FROM: State Tax Commission (STC)

**RE: EXEMPTION OF NEW PERSONAL PROPERTY**

Attached is a copy of [Public Act \(PA\) 20 of 1999](#) which was signed by the Governor on April 30, 1999 with an effective date of April 30, 1999. PA 20 of 1999 amends [PA 328 of 1998](#) which exempts NEW PERSONAL PROPERTY when certain conditions are met.

The purpose of this bulletin is to inform assessors about the changes in the exemption of NEW PERSONAL PROPERTY contained in PA 20 of 1999. These changes will be explained in the next 7 pages of this bulletin. The rest of this bulletin will be a repeat of the first 6 pages of [STC Bulletin 9 of 1998](#) with those parts being lined through which no longer apply.

**IMPORTANT NOTE:**

Please note that the application form included with this bulletin has been changed to reflect the amendments contained in PA 20 of 1999. Please also note that an updated list of Distressed Communities is also included with this bulletin.

**CHANGES IN THE EXEMPTION OF NEW PERSONAL PROPERTY CONTAINED IN PA 20 OF 1999**

There are three major changes in the exemption of NEW PERSONAL PROPERTY contained in PA 20 of 1999.

**1) The Assessor and Each Taxing Unit Shall be Afforded a Hearing**

PA 20 of 1999 requires that, before acting on a resolution for exemption, the clerk of the eligible local assessing district shall notify (in writing) the assessor and the legislative body of each taxing unit that levies ad valorem taxes in the eligible local assessing district. The assessor and a representative of the affected taxing units shall be afforded an opportunity for a hearing before the governing body of the eligible local assessing district.

**2) New Definition of ELIGIBLE BUSINESS**

The following is the new definition of ELIGIBLE BUSINESS contained in PA 20 of 1999.

"Eligible business" means, effective August 7, 1998, a business engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations. Eligible business does not include a casino, retail establishment, professional sports stadium, or

that portion of an eligible business used exclusively for retail sales. As used in this subdivision, "casino" means a casino regulated by this state pursuant to the Michigan Gaming Control and Revenue Act, The Initiated Law of 1996, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

The main differences between this definition and the original definition referred to in PA 328 of 1998 are the following:

- a. An ELIGIBLE BUSINESS is no longer required to propose to create qualified jobs.
- b. Prior to PA 20 of 1999, a business engaged in wholesale and trade qualified as an "Eligible Business". PA 20 of 1999 changed "wholesale and trade" to "wholesale trade" by dropping the word "and".
- c. Casinos are now included in the list of businesses which are specifically named as NOT being ELIGIBLE BUSINESSES (along with retail establishments, professional sports stadiums, and that part of eligible businesses used exclusively for retail sales). This list of 4 INELIGIBLE businesses is not all-inclusive. There are other businesses which are NOT ELIGIBLE BUSINESSES. Indeed, only businesses which are engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operation are ELIGIBLE BUSINESSES.

**2. NEW PERSONAL PROPERTY Does Not Include Buildings on Leased Land and Property Described in Michigan Compiled Law (MCL) 211.8(h), 211.8(i), and 211.8(j).**

The following are NOT eligible for exemption as NEW PERSONAL PROPERTY:

- a. Buildings on leased land as described in MCL 211.14(6).
- b. Leasehold improvements of a real property nature and structures installed and constructed on real property by a tenant (lessee) as described in MCL 211.8(h)
- c. Leasehold estates created in a sandwich lease situation as described in MCL 211.8(i).
- d. Leasehold estates created by the difference between contract rent and market rent as described in MCL 211.8(j).

**ELIGIBLE DISTRESSED COMMUNITIES**

**As of January 1, 1999**

**CITIES TOWNSHIPS**

\*Albion Ishpeming Benton (Berrien)

Alma \*Jackson Brookfield (Huron)

\*\*Alpena \*Kalamazoo Buena Vista(Saginaw)

Bangor \*\*Lansing Calumet(Houghton)

\*Battle Creek \*\*Lincoln Park Carrollton(Saginaw)

\*Bay City Ludington Champion(Marquette)

\*Benton Harbor Manistee Covington(Baraga)

Bronson Manistique Emerson(Gratiot)

Burton \*\*Melvindale Fairfield(Lenawee)

Carson City Mount Morris Fairgrove(Tuscola)

Caspian \*Muskegon Genesee(Genesee)

Cheboygan \*Muskegon Heights Indianfields(Tuscola)

Coleman \*\*Oak Park McMillan(Ontonagon)

\*Detroit Onaway Mount Morris(Genesee)

Dowagiac Owosso Mueller(Schoolcraft)

\*Ecorse Pinconning Osceola(Houghton)

Escanaba \*Pontiac Posen(Presque Isle)

\*\*Ferndale \*Port Huron \*Royal Oak(Oakland)

\*Flint \*River Rouge Sherman(Keweenaw)

\*Grand Rapids \*Saginaw Spaulding(Saginaw)

Graying St. Louis Turner(Arenac)

\*Hamtramck Stambaugh Vernon(Isabella)

Harbor Beach Vassar Wheeler(Gratiot)

Hart Wakefield Winsor(Huron)

Hartford \*\*Wayne Wisner(Tuscola)

\*Hazel Park \*\*Wyandotte Zilwaukee(Saginaw)

\*Highland Park \*\*Ypsilanti

\*Inkster

Ionia

Iron River

Ironwood

\*Communities that are NEZ eligible AND meet the criteria for Eligible Distressed Areas.

\*\*Communities that do NOT meet one or more of the four statutory tests for Eligible Distressed Areas, but are eligible based on classification as NEZs under the Neighborhood Enterprise Zone Act of 1992.

58 Cities, 26 Townships

84 Total Eligible Distressed Areas, 9 of which are NEZ eligible but do not meet Eligible Distressed Area requirements.

RESCINDED