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DEPARTMENT OF TREASURY  
LANSING

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**Bulletin 18 of 2022**  
**November 15, 2022**  
**Qualified Heavy Equipment**  
**Rental Personal Property**

**TO:** Assessors and Equalization Directors

**FROM:** Michigan State Tax Commission

**SUBJECT:** MCL 211.9p Qualified Heavy Equipment Rental Personal Property Exemption

Public Act 46 of 2022 was signed by the Governor on March 23, 2022. The Act creates MCL 211.9p which provides an exemption for qualified heavy equipment rental personal property beginning December 31, 2022. This exemption is not mandatory and may be claimed at the option of the qualified renter.

This bulletin provides guidance to taxpayers, assessors, and boards of review on how the exemption is claimed and reviewed. This bulletin also contains key terms as defined in MCL 211.9p.

## **Qualified Heavy Equipment Rental Personal Property Definition**

**Qualified heavy equipment rental personal property** (QHERPP) is defined in MCL 211.9p(8)(f) as any construction, earthmoving, or industrial equipment that is mobile and rented to customers by a qualified renter, including attachments or other ancillary equipment for that equipment. Qualified heavy equipment rental personal property does not include handheld tools or equipment solely designed for industry-specific uses in oil and gas exploration, mining, or forestry.

Equipment is determined to be mobile if it is not intended to be permanently affixed to real property for its intended use and can be moved among worksites.

QHERPP includes, but is not limited to, the following:

- i. A self-propelled vehicle that is not designed to be driven on the highway
- ii. Industrial electrical generation equipment
- iii. Industrial lift equipment
- iv. Industrial material handling equipment
- v. Industrial portable heating, ventilation, and air conditioning equipment
- vi. Industrial compressors, generators, or pumps
- vii. Equipment used in shoring, shielding, and ground trenching

- viii. Equipment or vehicles not subject to titling under the Michigan Vehicle Code, 1949 PA 300, MCL 257.1 to 257.923
- ix. Portable containers or office trailers
- x. Equipment used to support a construction or industrial jobsite

## Claiming the QHERPP Exemption

The exemption must be claimed annually by filing Form 5819 *Qualified Heavy Equipment Rental Personal Property Exemption Claim* and a statement approved by the State Tax Commission of all QHERPP located at and/or rented from the qualified renter business location. Form 5819 and statement are filed with the assessor of the local unit where the qualified renter business is located, not the location where the equipment is while it is being rented. The statement must list the addresses of the qualified renter and must identify each item of QHERPP located at and/or rented from the qualified renter business location. The qualified renter should identify all QHERPP located at or rented from its qualified renter business location in a local assessing unit, not just some of the QHERPP at that location.

Form 5819 and statement must be filed annually with the assessor by February 20 (postmark is acceptable). If February 20 is a Saturday, Sunday, or legal holiday, the due date is the next business day. If the statement is not delivered to the assessor by February 20, a late application can be filed directly with the March Board of Review where the qualified renter business is located.

**Qualified renter** is defined as an individual, corporation, limited liability company, partnership, association, or any other legal entity, that meets all the following:

1. Is engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System published by the United States Census Bureau, 2017 edition.
2. Maintains in this state a qualified renter business location.
3. Receives more than 50% of its annual gross receipts from the rental of QHERPP to the public or has an affiliate that receives more than 50% of the affiliate's annual gross receipts from the rental of QHERPP to the public.

**Qualified renter business location** means the location within a local assessing unit where QHERPP for which an exemption is claimed is kept when it is not rented to a customer.

QHERPP is exempt from ad valorem property taxes only if it is located in Michigan on tax day (December 31) and one of the following is satisfied:

1. It is permanently labeled with the name of the qualified renter and the qualified rental business location. This labeling requirement does not apply to attachments or ancillary equipment otherwise labeled in a way that identifies its owner, including, but not limited to, attachments or ancillary equipment labeled with a unique identification number.

2. It is permanently labeled with the name and phone number of the qualified renter, and the qualified renter's annual claim of exemption identifies the physical location of the QHERPP on tax day. The labeling requirement does not apply to attachments or ancillary equipment otherwise labeled in a way that identifies its owner, including, but not limited to, attachments or ancillary equipment labeled with a unique identification number.

There is no statutory definition of what the required label must look like. It may be adhesive, stenciled, painted, etc. No matter how the property is labeled, it must prominently display the required information so that it is easily visible.

All QHERPP that has claimed an exemption is not eligible to be exempt under MCL 211.9m, 9n, or 9o.

## **Statements Filed for 2023 or 2024**

Statements filed in 2023 (or 2024 if the exemption was not claimed in 2023) must include the amount of ad valorem property taxes levied in 2020, 2021, and 2022 on QHERPP owned by the qualified renter. Taxpayers should contact the assessing office for the city or township where the qualified renter business is located for assistance in determining the amount of property taxes.

The statement filed must also include the qualified renter's liability under the specific tax (MCL 211.1121 - 211.1133) for 2020, 2021, and 2022 if the specific tax had been in effect for those years for either of the below situations:

1. QHERPP that had ad valorem property taxes paid in 2020, 2021, or 2022
2. QHERPP that was acquired or brought into Michigan during 2020, 2021, or 2022 by a qualified renter and rented from a qualified business location

The qualified renter must provide documentation of these amounts as required by the Department of Treasury. The information provided is subject to audit by the Department of Treasury.

## **Assessor Responsibilities**

Assessors should carefully review all Form 5819 and statements that are received and ensure that the information is complete. If a timely filed Form 5819 is incomplete or the claimant does not appear to qualify, the assessor should deny the claim by notifying the person in writing of the reason for the denial and include the appeal rights to the March Board of Review and Michigan Tax Tribunal. The State Tax Commission strongly recommends that assessors contact taxpayers who have not fully completed Form 5819 in an effort to obtain the missing information before issuance of a denial.

Forms that are received or postmarked after the due date should not be accepted and the qualified renter should immediately be notified that they may file directly with the March Board of Review to claim the exemption.

All information regarding the claim for the exemption is considered taxpayer confidential information and is not subject to disclosure under the Freedom of Information Act. Assessors are statutorily required to transmit the information contained in the statement and any other required parcel information to the Department of Treasury no later than April 1 each year. The information must be submitted electronically by emailing to [Treas-QHERPP@michigan.gov](mailto:Treas-QHERPP@michigan.gov)

When doing a personal property canvass, assessors should be checking equipment and calling the phone number on the label to find out in which local unit the QHERPP exemption is being claimed. Assessors should then follow up with that local unit to verify if the QHERPP exemption has been claimed in that unit for the identified equipment. If the assessor cannot verify that the QHERPP exemption has been claimed for any piece of equipment, the equipment should be assessed on the ad valorem roll for the local unit the equipment is in as of tax day.

## **March Board of Review Responsibilities**

The March Board of Review has the authority to hear the denial of an exemption by the assessor. This also includes a denial due to the filing of an incomplete form. Qualified renters who do not timely file with the assessor by February 20 may claim the exemption by filing Form 5819 directly with the March Board of Review. The March Board of Review should grant the exemption if the qualified renter meets all the statutory requirements. If the qualified renter presents a fully completed Form 5819 to the March Board of Review and the Board of Review believes the property meets the exemption requirements, then the Board of review may grant the exemption. If there is incomplete or missing information, or the Board of Review believes the qualified renter does not meet the statutory requirements, the Board of Review should deny the exemption.

The qualified renter must file an appeal of a denial by the assessor or late file the form with the March Board of review in the city or township where the qualified renter business is located.

**Important:** The July and December Boards of Review do not have any authority to grant the exemption. If an assessor misplaces or fails to act on a timely filed form, that is not considered a qualified error and cannot be considered by the July or December Board of Review.

## **Denials and Appeals**

If the claim for exemption was denied by the assessor, the denial may be appealed to the March Board of Review. If the denial is issued after the first meeting of the March Board of Review following the organizational meeting, the denial may be appealed to the March Board of Review, or by filing a written petition with the Michigan Tax Tribunal within 35 days of the denial notice.

If the claim for the exemption was denied by the March Board of Review, an appeal of the denial may be made by filing a written petition with the Michigan Tax Tribunal within 35 days of the denial notice.

Forms and instructions for filing with the Tax Tribunal are available online at <https://www.michigan.gov/taxtribunal>.

## **Qualified Heavy Equipment Rental Personal Property Specific Tax**

Once qualified for the QHERPP exemption under MCL 211.9p, qualifying personal property will be exempt from ad valorem taxes and instead pay the specific tax as provided by Public Act 35 of 2022 (MCL 211.1121 - 211.1133).

The State Tax Commission does not oversee the specific tax. Questions about the QHERPP specific tax should be directed to:

[Treas-HeavyEquip-Customer-Support@michigan.gov](mailto:Treas-HeavyEquip-Customer-Support@michigan.gov)