

State Tax Commission Bulletin No. 5 of 1999
January 29, 1999
Qualified Personal Property, Daily Rental Property

TO: Assessors & Equalization Directors
FROM: State Tax Commission (STC)

RE: A) QUALIFIED PERSONAL PROPERTY B) DAILY RENTAL PROPERTY

Attached is a copy of [Public Act \(PA\) 537 of 1998 \(SB 1054\)](#) which was signed by Governor Engler on January 15, 1999 with an effective date of January 19, 1999. This act provides for the following:

- A. **Several Changes to Section 8a of the General Property Tax Act (GPTA) which affect the reporting of "Qualified Personal Property" by a "Qualified Business".**
- B. **The assessment of "Daily Rental Property" at the location of the rental business rather than at its actual physical location on tax day (December 31).**

These items will be addressed separately in the remainder of this bulletin.

1999 SUPPLEMENT TO STC BULLETIN NO. 16 OF 1994

NOTE: While the materials which follow are part of paragraph A of this bulletin, they are labeled as a **Supplement to STC Bulletin No. 16 of 1994** with the thought that they will also be copied and added to STC Bulletin No. 16 of 1994 in order to keep all information regarding "Qualified Personal Property" together in one place.

A. Changes Affecting the Reporting of "Qualified Personal Property" by a "Qualified Business".

STC Bulletin No. 16 of 1994 addressed PA 96 of 1994 which dealt with the "Qualified Personal Property" of a "Qualified Business".

PA 537 of 1998 made several significant changes to that act. The new language provided by PA 537 of 1998 has been underlined on the copy of the act enclosed with this bulletin so that it is clear where new language has been added to the law. Certain language has also been deleted. The following are 3 significant changes made by PA 537 of 1998:

1. **Prior to PA 537 of 1998**, a "qualified business" was required to file two separate statements (STC Form L-4143) in each township or city where property was located. One statement was for the reporting of assets grouped by year of purchase, listing the most recent purchase first. The second statement was for the reporting of the same assets grouped (in alphabetical order) by the user responsible for paying the tax.

After PA 537 of 1998, the "qualified business" is no longer required to file the second statement in which assets are grouped by user in alphabetical order. However, the "qualified business" is still required to indicate, on the first statement, who the user is for each asset reported.

2. **Prior to PA 537 of 1998**, a "qualified business" was required to provide a copy of form L-4143 to each user of "qualified personal property" along with a notice to the user that the user was responsible for paying the personal property tax and for reporting the property to the assessor on the regular personal property statements.

After PA 537 of 1998, the "qualified business" is no longer required to provide a copy of form L-4143 to each user of "qualified personal property". The "qualified business" is also no longer required to provide a notice to the user that the user is responsible for paying the personal property tax and for reporting the property to the assessor.

Important Note: In spite of the change discussed above, section 8a(6)(c)(iii) still requires that there must be a provision in the written agreement between the owner of the property and the user of the property that requires the user to report the qualified personal property to the assessor on a personal property statement and to pay taxes assessed against the property.

3. **Prior to PA 537 of 1998**, there was a sunset clause in the law which indicated that 1999 was the last assessment year that section 8a would apply.

After PA 537 of 1998, there is no longer a sunset clause. This means that section 8a will continue in effect after the 1999 assessment year.

END OF SUPPLEMENT TO STC BULLETIN NO. 16 OF 1994

A. The Assessment of "Daily Rental Property" at the Location of the Rental Business

PA 537 of 1998 amends the General Property Tax Act by adding section 8c. Section 8c provides that, if certain conditions are met, "daily rental property" shall be assessed at the township or city where the rental business is located rather than where it is actually physically located on tax day (December 31).

1. Definition of "Daily Rental Property"

The following is the definition of "daily rental property" as it appears in PA 537 of 1998:

(a) "Daily rental property" means tangible personal property that is exclusively offered on an hourly, daily, weekly, or monthly basis for a rental term of 6 months or less pursuant to a written agreement and had an acquisition cost when new of \$10,000.00 or less, including

freight and sales tax. In determining whether a rental term extends beyond 6 months, the rental term shall be computed by adding all permitted or required extensions of the rental term set forth in the written agreement for the daily rental property. Daily rental property does not include tangible personal property rented in conjunction with a service contract that extends beyond 90 days.

2. Conditions to Be Met

The following conditions must be met before "Daily rental property" shall be assessed at the location of the rental business rather than at its actual physical location on tax day:

- a. The location of the rental business must be in this state and the "daily rental property" must be located in this state on tax day.
- b. The "daily rental property" must be permanently labeled with the name of the owner and either the business address or current telephone number of the owner with an indication that the property is daily rental property. The owner shall also affix a unique identifying number to the "daily rental property". If the "daily rental property" consists of multiple small items that are part of a matched set or if it is impractical to label the "daily rental property", the required statement and identifying number may be placed on the "daily rental property's" container used to store the "daily rental property" when not in use.
- c. Not later than February 20 of each year, the owner must provide the assessor of the city or township where the rental business is located an itemized listing of the owner's "daily rental property", as of tax day. The listing shall describe the "daily rental property" by manufacturer, make, and model.
- d. Not later than February 20 of each tax year, the owner shall give the assessor of the city or township where the rental business is located written authorization to provide a copy of information provided pursuant to subdivision (c) to the assessor of any other city or township in which the "daily rental property" may have been physically located on tax day.
- e. If the owner of daily rental property is required to provide a written statement pursuant to section 18 to any local tax collecting unit other than the local tax collecting unit in which the "daily rental property" is assessable, the written statement shall include a written statement indicating the jurisdiction in which its daily rental property is being reported.

Important Note: Assessors are advised to read sections 8a and 8c of PA 537 of 1998 in their entirety. This bulletin does not address all of the provisions of the act. While this act does take effect for the 1999 assessment year, there was not sufficient time to change the 1999 Personal Property Statements and STC Form [L-4143](#) to correctly reflect the provisions of this new law. The Personal Property Statement will be revised for assessment year 2000 to incorporate the changes required by PA 537 of 1998.