



HOUSE BILL No. 5153

December 1, 1999, Introduced by Reps. Cassis, Mead, Gilbert, Pappageorge, Bishop, Gosselin and Voorhees and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 9c (MCL 211.9c).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9c. (1) ~~Inventory~~ PERSONAL property ~~shall be~~ THAT
2 IS INVENTORY IS exempt from ~~taxation~~ THE COLLECTION OF TAXES
3 under this act. ~~effective with the 1976 tax year.~~

4 (2) As used in this section, "inventory" means 1 OR MORE OF
5 THE FOLLOWING:

6 (a) The stock of goods held for resale in the regular course
7 of trade of a retail or wholesale business.

8 (b) Finished goods, goods in process, and raw materials of a
9 manufacturing business.

10 (c) Materials and supplies, including repair parts and
11 fuel.

1 (D) NEW PERSONAL PROPERTY DELIVERED TO A DEALER BY OR ON
2 BEHALF OF THE MANUFACTURER OF THAT PERSONAL PROPERTY THAT IS
3 PRINCIPALLY INTENDED FOR RESALE, WHICH MAY BE LEASED OR RENTED
4 BEFORE SALE, FOR A PERIOD ENDING ON DECEMBER 31 IN THE YEAR 2
5 YEARS AFTER THE INCEPTION OF THE INITIAL LEASE OR RENTAL AGREE-
6 MENT FOR THAT PERSONAL PROPERTY. PERSONAL PROPERTY IS EXEMPT
7 UNDER THIS SUBDIVISION IF BOTH OF THE FOLLOWING CRITERIA ARE
8 SATISFIED:

9 (i) FIFTY PERCENT OR MORE OF THE BUSINESS INCOME OF THE
10 PERSON TO WHOM THE PERSONAL PROPERTY IS ASSESSED IS DERIVED FROM
11 THE SALE OF PERSONAL PROPERTY FOR WHICH AN EXEMPTION IS CLAIMED.
12 AS USED IN THIS SUBPARAGRAPH, "BUSINESS INCOME" MEANS INCOME
13 ARISING FROM TRANSACTIONS AND ACTIVITY IN THE REGULAR COURSE OF
14 TRADE OR BUSINESS AND INCLUDES INCOME FROM TANGIBLE AND INTANGI-
15 BLE PROPERTY IF THE ACQUISITION, MANAGEMENT, AND DISPOSITION OF
16 THE PROPERTY CONSTITUTE INTEGRAL PARTS OF REGULAR TRADE OR BUSI-
17 NESS OPERATIONS.

18 (ii) THE PERSON TO WHOM THE PERSONAL PROPERTY IS ASSESSED
19 GRANTS A PURCHASER OF PERSONAL PROPERTY FOR WHICH AN EXEMPTION IS
20 CLAIMED A CREDIT FOR ALL LEASE OR RENTAL PAYMENTS MADE BY THE
21 PURCHASER AGAINST THE PURCHASE PRICE OF THE PERSONAL PROPERTY.

22 (3) Inventory does not include ~~personal~~ ANY OF THE
23 FOLLOWING:

24 (A) PERSONAL property under lease or principally intended
25 for lease rather than sale. ~~Inventory does not include~~

1 (B) PERSONAL property allowed a deduction or allowance for
2 depreciation or depletion under the ~~federal~~ internal revenue
3 code OF 1986.