

CLIENT ALERT

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AN EXCEPTION TO THE RULE: NEW PROVISIONS REGARDING WHERE PERSONAL PROPERTY IS TO BE ASSESSED THIS TAX SEASON IN MICHIGAN

by Robert F. Rhoades

When preparing 2021 personal property statements, PA 352 of 2020 provides an exception to the general rule that personal property is to be assessed where it was located on tax day.

Persons owning taxable personal property (generally businesses) are required to file personal property statements annually in each city and township in which they own personal property. The statements report the original cost by year of acquisition and the local assessor uses that information to determine the personal property assessment for the year. The pandemic raised the issue of whether personal property regularly in one city, but located in other locations due solely to the pandemic, should be reported and assessed in the usual location or the location in which the property was located on tax day (12-31-2020).

On December 30, 2020, the Legislature answered that question by creating an exception to the general rule by which the property should be reported and assessed in the "ordinary location" (where the property would have been but for the pandemic) and not in the alternate location (the location to which the property was moved but for the pandemic). The new legislation reads as follows:

Sec. 14a. Notwithstanding any provision of this act to the contrary, including any provision to the contrary in section 13(1) or 14(1), for the 2021 tax year only, personal property, including exempt personal property, that is located on tax day in an alternate location due to the COVID-19 pandemic must not be assessed in that alternate location but instead must be assessed in its ordinary location. As used in this section:

- a. "Alternate location" means the geographic area of a local tax collecting unit in this state that is not the ordinary location of an item of personal property but is the location to which the property was moved due to the COVID-19 pandemic.
- b. "Exempt personal property" means personal property exempt from the collection of taxes under this act, including personal property exempt under sections 7 to 7ww and sections 9 to 9o.
- c. "Ordinary location" means the geographic area of a local tax collecting unit in this state where an item of personal property would have been located for its primary use but for the need to move it to an alternate location due to the COVID-19 pandemic. For purposes of this subdivision, evidence of the ordinary location of personal property includes, but is not limited to, either or both of the following:
 - i. A business location of the owner or other person beneficially entitled to the property or in possession of it, as described in section 13(1), where the property usually is deployed under conditions unaffected by the COVID-19 pandemic.
 - ii. If the property was located in the geographic area of a local tax collecting unit in this state on December 31, 2019, that location.
- d. "Tax day" means that term as described in section 2(2).

This act is ordered to take immediate effect.

ABOUT THE AUTHOR



Robert F. Rhoades is a Member in Dickinson Wright's Detroit office. He can be reached at 313.223.3570 or rrhoades@DickinsonWright.com.