

Personal Property Taxes

(A Guide for Businesses)

I. PURPOSE

The purpose of this brochure is to familiarize businesses with the State Statutes as they pertain to Personal Property Taxes. This brochure will explain the functions of the Treasurers Office and Assessor's Office in the administration of the tax.

II. WHAT IS PERSONAL PROPERTY?

A. Personal Property

Personal Property may include furniture and fixtures, machinery and equipment, rental videotapes and games, office, electronic, video and testing equipment, consumer coin operated equipment, computer equipment, leasehold or building improvements not assessed as real property, buildings and improvements located on leased land and all other personal property, which is not expressly exempted by law. In summary, personal property could be anything that is not assessable as real property and not exempt by law.

In determining what is considered personal property versus real property, the courts have often resolved the issue by applying the following 3 part test:

1. How is the item attached to the real estate: Will its removal destroy or substantially injure the building?
2. What is the purpose of the item? Was it intended to function as part of the building?
3. Was the item intended to become a permanent part of the real estate when it was installed?

B. Tax Day

Michigan Compiled Laws, Sections 211.13 and 211.14 provide that all personal property will be assessed in the city where it is located on Tax Day, even if the owner resides elsewhere. Tax Day of the current year is always December 31 of the previous year. The Assessor values your personal property as of Tax Day. Change of location after tax day does not alter the assessment, ***even if your business closed during the year***. Property is valued at market or true cash value and assessed at 50% of that value.

III. HOW AM I ASSESSED?

A. Personal Property Assessment

All owners of personal property are required by law to prepare and file a Personal Property Statement to each city in which they had personal property on December 31 of

the previous year. The personal property statement is required to be filed whether or not the taxpayer received a blank form from the assessor. The assessor mails out personal property statements in December of each year.

MCL 211.19 provides that the *Personal Property Statement shall be completed and delivered to the assessor on or before February 20* of each year. The statements are utilized by the assessor in valuing your personal property. Property is depreciated and assessed at 50% from original cost when filed correctly and timely. If a personal property statement is not filed, the assessor is required by MCL 211.22 to estimate the current assessment. The Assessor and/or Treasurer must be notified of any change in location, ownership, or if going out of business. *Estimated assessments are valid.*

B. NOTICE OF ASSESSMENT

Approximately the second to third week in February, you are sent a notice of the assessment. This assessment notice will provide you with information regarding the March Board of Review dates and times.

C. THE MARCH BOARD OF REVIEW

If you disagree with your assessment you may appeal to the March Board of Review which is only open for the specific dates and times indicated on the assessment notice. Further appeal may be made to the Michigan Tax Tribunal in writing at; P.O. Box 30232, Lansing, MI 48909 by May 31 of the current year for personal property. Before starting the appeal process questions and/or issues may be resolved by contacting the assessor on Wednesdays and Thursdays from 8 AM to 1 PM at 231-924-2101.

D. JEOPARDY ASSESSMENT

When the City becomes aware of a business closing, selling, transferring or downsizing, or if the previous year's personal property tax is delinquent, the Treasurer has the authority to levy what is called a "Jeopardy Assessment". Under this procedure, both the July and December bills will be issued in advance to insure collection of tax. Non-payment of a jeopardy assessment or prior year's bills will result in seizure or lawsuit.

IV. OPENING A BUSINESS / MOVING INTO THE CITY

The following are helpful hints for those who are about to embark on;

A. BUYING A BUSINESS

1. Make sure that the seller had paid the personal property taxes.
2. Be aware! If you buy after January 1, the tax bills for the following July-December may be in the name of the old business, but the tax lien on property remains. Therefore the property may be seized to pay delinquent personal property taxes even though you may be the new property owner.
3. Call the local Treasurer for the current and delinquent taxes owing.

B. OPENING A BUSINESS

Please contact the local assessor's office at 231-924-2101 to notify them that you are in business within the jurisdiction and for information concerning personal property.

C. GOING OUT OF BUSINESS

Please contact the Assessor and/or Treasurer at 231-924-2101. Equipment remaining in the City as of tax day is subject to assessment and property taxes for the full year. Failure to notify the Assessor when you are going out of business can result in your business remaining on the assessment roll/tax roll in future years.

V. PERSONAL PROPERTY TAX BILLS

Tax bills are mailed twice a year, the same as real property bills. Summer taxes are due and payable from July 1st through August 10th without penalty. Winter taxes are due and payable December 1st through February 14th without penalty. All personal property taxes whether current or delinquent are payable at the City of Fremont Treasurer's Office 101 E. Main St, Fremont, Michigan 49412.