

**SUBSTITUTE FOR
SENATE BILL NO. 1178**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
(MCL 205.51 to 205.78) by adding section 4hh.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 4hh. (1) Beginning January 1, 2021, the sale of an in-**
2 **store consumer goods micro-fulfillment system or system parts to a**
3 **retailer is exempt from the tax under this act.**

4 **(2) As used in this section:**

5 **(a) "Consumer goods" means finished goods for use primarily**
6 **for personal, family, or household purposes.**

7 **(b) "Fulfillment of online orders" means the processing of**
8 **orders from consumers that were made over the internet and the**
9 **selection, assembly, storage, and staging of the consumer goods**



1 ordered.

2 (c) "In-store consumer goods micro-fulfillment system" means
3 equipment, including, but not limited to, computers, computer
4 software, storage systems, refrigerators, and freezers, that meets
5 both of the following requirements:

6 (i) Is used by a retailer exclusively for the fulfillment of
7 online orders of consumer goods for delivery to or pick up by the
8 consumer.

9 (ii) Is located in a building that is owned, leased, or used by
10 a retailer and in which at least half of the building's square
11 footage is used as an operating retail store.

12 (d) "System parts" means machinery, equipment, repair parts,
13 and computer software that are component parts of an in-store
14 consumer goods micro-fulfillment system.

