



# SENATE BILL No. 1119

April 27, 1994, Introduced by Senators CHERRY, SCHWARZ, BERRYMAN and O'BRIEN and referred to the Committee on Finance

A bill to amend section 3 of Act No 94 of the Public Acts of 1937, entitled as amended

"Use tax act,"

as amended by Act No 326 of the Public Acts of 1993, being section 205 93 of the Michigan Compiled Laws

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 3 of Act No 94 of the Public Acts of  
2 1937, as amended by Act No 326 of the Public Acts of 1993, being  
3 section 205 93 of the Michigan Compiled Laws, is amended to read  
4 as follows

5 Sec 3 (1) There is levied upon and there shall be col-  
6 lected from every person in this state a specific tax for the  
7 privilege of using, storing, or consuming tangible personal  
8 property in this state at a rate equal to 6<sup>6</sup> of the price of the  
9 property or services specified in section 3a There shall be

1 added to the tax penalties and interest if applicable as provided  
2 in this act For the purpose of the proper administration of  
3 this act and to prevent the evasion of the tax, it is presumed  
4 that tangible personal property purchased is subject to the tax  
5 if brought into the state within 90 days of the purchase date and  
6 is considered as acquired for storage, use, or other consumption  
7 in this state

8 (2) The tax imposed by this section for the privilege of  
9 using, storing, or consuming a vehicle, ORV, mobile home, air-  
10 craft, snowmobile, or watercraft shall be collected before the  
11 transfer of the vehicle, ORV, mobile home, aircraft, snowmobile,  
12 or watercraft, except a transfer to a licensed dealer or retailer  
13 for purposes of resale that arises by reason of a transaction  
14 made by a person who does not transfer vehicles, ~~ORV's~~ ORVS,  
15 mobile homes, aircraft snowmobiles, or watercraft in the ordi-  
16 nary course of his or her business done in this state The tax  
17 on a vehicle, ORV, snowmobile and watercraft shall be collected  
18 by the secretary of state before the transfer of the vehicle,  
19 ORV, snowmobile, or watercraft registration The tax on a mobile  
20 home shall be collected by the department of commerce, mobile  
21 home commission, or its agent before the transfer of the certifi-  
22 cate of title The tax on an aircraft shall be collected by the  
23 department of treasury Notwithstanding any limitation contained  
24 in section 2, the price tax base of any vehicle, ORV, mobile  
25 home, aircraft, snowmobile, or watercraft subject to taxation  
26 under this act shall be not less than its retail dollar value at  
27 the time of acquisition as fixed pursuant to rules promulgated by

1 the department THE PRICE TAX BASE OF ANY VEHICLE SHALL BE  
2 DETERMINED AT THE TIME THE TAX IMPOSED BY THIS SECTION IS COL-  
3 LECTED BY THE SECRETARY OF STATE AND THAT DETERMINATION SHALL BE  
4 FINAL

5 (3) The following transfers or purchases are not subject to  
6 use tax

7 (a) When the transferee or purchaser is the spouse, mother,  
8 father, brother, sister, or child of the transferor

9 (b) When the transfer is a gift to a beneficiary in the  
10 administration of an estate

11 (c) When a vehicle, ORV, mobile home, aircraft, snowmobile,  
12 or watercraft that has once been subjected to the Michigan sales  
13 or use tax is transferred in connection with the organization,  
14 reorganization, dissolution, or partial liquidation of an incor-  
15 porated or unincorporated business and the beneficial ownership  
16 is not changed

17 (d) When an insurance company licensed to conduct business  
18 in this state acquires ownership of a late model distressed vehi-  
19 cle as defined in section 12a of the Michigan vehicle code Act  
20 No 300 of the Public Acts of 1949, being section 257 12a of the  
21 Michigan Compiled Laws, through payment of damages in response to  
22 a claim or when the person who owned the vehicle before the  
23 insurance company reacquires ownership from the company as part  
24 of the settlement of a claim

25 (4) The department may utilize the services, information, or  
26 records of any other department or agency of the state government  
27 in the performance of its duties under this act, and other

1 departments or agencies of the state government are required to  
2 furnish those services, information, or records upon the request  
3 of the department