

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 477

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending section 3a (MCL 205.93a), as amended by 1998 PA 366.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3a. (1) The use or consumption of the following serv-  
2       ices is taxed under this act in the same manner as tangible per-  
3       sonal property is taxed under this act:

4       (a) ~~Intrastate~~ EXCEPT AS PROVIDED IN SECTION 3B,  
5       INTRASTATE telephone, telegraph, leased wire, and other similar  
6       communications, including local telephone exchange and long dis-  
7       tance telephone service that both originates and terminates in  
8       Michigan, and telegraph, private line, and teletypewriter service  
9       between places in Michigan, but excluding telephone service by  
10      coin-operated installations, switchboards,  
11      concentrator-identifiers, interoffice circuitry and their

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1 accessories for telephone answering service, and directory  
2 advertising proceeds.

3 (b) Rooms or lodging furnished by hotelkeepers, motel opera-  
4 tors, and other persons furnishing accommodations that are avail-  
5 able to the public on the basis of a commercial and business  
6 enterprise, irrespective of whether or not membership is required  
7 for use of the accommodations, except rooms and lodging rented  
8 for a continuous period of more than 1 month. As used in this  
9 act, "hotel" or "motel" means a building or group of buildings in  
10 which the public may obtain accommodations for a consideration,  
11 including, without limitation, such establishments as inns,  
12 motels, tourist homes, tourist houses or courts, lodging houses,  
13 rooming houses, nudist camps, apartment hotels, resort lodges and  
14 cabins, camps operated by other than nonprofit organizations but  
15 not including those licensed under 1973 PA 116, MCL 722.111 to  
16 722.128, and any other building or group of buildings in which  
17 accommodations are available to the public, except accommodations  
18 rented for a continuous period of more than 1 month and accommo-  
19 dations furnished by hospitals or nursing homes.

20 (c) ~~Interstate~~ EXCEPT AS PROVIDED IN SECTION 3B,  
21 INTERSTATE telephone communications that either originate or ter-  
22minate in this state and for which the charge for the service is  
23 billed to a Michigan service address or phone number by the pro-  
24 vider either within or outside this state including calls between  
25 this state and any place within or without the United States of  
26 America outside of this state. However, if the tax under this  
27 act is levied at a rate of 6%, this subdivision does not apply to

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1 a wide area telecommunication service or a similar type service,  
2 an 800 prefix service or similar type service, an interstate pri-  
3 vate network and related usage charges, or an international call  
4 either inbound or outbound.

5 (d) ~~After December 31, 1998, the~~ THE laundering or clean-  
6 ing of textiles under a sale, rental, or service agreement with a  
7 term of at least 5 days. This subdivision does not apply to the  
8 laundering or cleaning of textiles used by a restaurant or retail  
9 sales business. As used in this subdivision, "restaurant" means  
10 a food service establishment defined and licensed under the  
11 ~~public health code, 1978 PA 368, MCL 333.1101 to 333.25211~~ FOOD  
12 LAW OF 2000, 2000 PA 92, MCL 289.1101 TO 289.8111.

13 (2) IF CHARGES FOR INTRASTATE TELECOMMUNICATIONS SERVICES OR  
14 TELECOMMUNICATIONS SERVICES BETWEEN THIS STATE AND ANOTHER STATE  
15 AND OTHER BILLED SERVICES NOT SUBJECT TO THE TAX UNDER THIS ACT  
16 ARE AGGREGATED WITH AND NOT SEPARATELY STATED FROM CHARGES FOR  
17 TELECOMMUNICATIONS SERVICES THAT ARE SUBJECT TO THE TAX UNDER  
18 THIS ACT, THE NONTAXABLE TELECOMMUNICATIONS SERVICES AND OTHER  
19 NONTAXABLE BILLED SERVICES ARE SUBJECT TO THE TAX UNDER THIS ACT  
20 UNLESS THE SERVICE PROVIDER CAN REASONABLY IDENTIFY CHARGES FOR  
21 TELECOMMUNICATIONS SERVICES NOT SUBJECT TO THE TAX UNDER THIS ACT  
22 FROM ITS BOOKS AND RECORDS THAT ARE KEPT IN THE REGULAR COURSE OF  
23 BUSINESS.

24 (3) IF CHARGES FOR INTRASTATE TELECOMMUNICATIONS SERVICES OR  
25 TELECOMMUNICATIONS SERVICES BETWEEN THIS STATE AND ANOTHER STATE  
26 AND OTHER BILLED SERVICES NOT SUBJECT TO THE TAX UNDER THIS ACT  
27 ARE AGGREGATED WITH AND NOT SEPARATELY STATED FROM

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1 TELECOMMUNICATIONS SERVICES THAT ARE SUBJECT TO THE TAX UNDER  
2 THIS ACT, A CUSTOMER MAY NOT RELY UPON THE NONTAXABILITY OF THOSE  
3 TELECOMMUNICATIONS SERVICES AND OTHER BILLED SERVICES UNLESS THE  
4 CUSTOMER'S SERVICE PROVIDER SEPARATELY STATES THE CHARGES FOR  
5 NONTAXABLE TELECOMMUNICATIONS SERVICES AND OTHER NONTAXABLE  
6 BILLED SERVICES FROM TAXABLE TELECOMMUNICATIONS SERVICES OR THE  
7 SERVICE PROVIDER ELECTS, AFTER RECEIVING A WRITTEN REQUEST FROM  
8 THE CUSTOMER IN THE FORM REQUIRED BY THE PROVIDER, TO PROVIDE  
9 VERIFIABLE DATA BASED UPON THE SERVICE PROVIDER'S BOOKS AND  
10 RECORDS THAT ARE KEPT IN THE REGULAR COURSE OF BUSINESS THAT REA-  
11 SONABLY IDENTIFY THE NONTAXABLE SERVICES.

12 Enacting section 1. This amendatory act does not take  
13 effect unless all of the following bills of the 91st Legislature  
14 are enacted into law:

15 (a) Senate Bill No. 824.

16 (b) Senate Bill No. 1248.

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