

HOUSE BILL No. 4558

May 5, 2015, Introduced by Rep. Townsend and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 3 (MCL 205.93), as amended by 2014 PA 80.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) There is levied upon and there shall be collected
2 from every person in this state a specific tax, including both the
3 local community stabilization share and the state share, for the
4 privilege of using, storing, or consuming tangible personal
5 property in this state at a total combined rate equal to 6% of the
6 price of the property or services specified in section 3a or 3b.
7 The tax levied under this act applies to a person who acquires
8 tangible personal property or services that are subject to the tax
9 levied under this act for any tax-exempt use who subsequently
10 converts the tangible personal property or service to a taxable
11 use, including an interim taxable use. If tangible personal

1 property or services are converted to a taxable use, the tax levied
2 under this act shall be imposed without regard to any subsequent
3 tax-exempt use. Penalties and interest shall be added to the tax if
4 applicable as provided in this act. For the purpose of the proper
5 administration of this act and to prevent the evasion of the tax,
6 all of the following shall be presumed:

7 (a) That tangible personal property purchased is subject to
8 the tax if brought into this state within 90 days of the purchase
9 date and is considered as acquired for storage, use, or other
10 consumption in this state.

11 (b) That tangible personal property used solely for personal,
12 nonbusiness purposes that is purchased outside of this state and
13 that is not an aircraft is exempt from the tax levied under this
14 act if 1 or more of the following conditions are satisfied:

15 (i) The property is purchased by a person who is not a resident
16 of this state at the time of purchase and is brought into this
17 state more than 90 days after the date of purchase.

18 (ii) The property is purchased by a person who is a resident of
19 this state at the time of purchase and is brought into this state
20 more than 360 days after the date of purchase.

21 (2) The tax imposed by this section for the privilege of
22 using, storing, or consuming a vehicle, ORV, manufactured housing,
23 aircraft, snowmobile, or watercraft shall be collected before the
24 transfer of the vehicle, ORV, manufactured housing, aircraft,
25 snowmobile, or watercraft, except a transfer to a licensed dealer
26 or retailer for purposes of resale that arises by reason of a
27 transaction made by a person who does not transfer vehicles, ORVs,

1 manufactured housing, aircraft, snowmobiles, or watercraft in the
2 ordinary course of his or her business done in this state. The tax
3 on a vehicle, ORV, snowmobile, and watercraft shall be collected by
4 the secretary of state before the transfer of the vehicle, ORV,
5 snowmobile, or watercraft registration. The tax on manufactured
6 housing shall be collected by the department of licensing and
7 regulatory affairs, mobile home commission, or its agent before the
8 transfer of the certificate of title. The tax on an aircraft shall
9 be collected by the department of treasury. The price tax base of a
10 new or previously owned car or truck held for resale by a dealer
11 and that is not exempt under section 4(1)(c) is the purchase price
12 of the car or truck multiplied by 2.5% plus \$30.00 per month
13 beginning with the month that the dealer uses the car or truck in a
14 nonexempt manner.

15 (3) The following transfers or purchases are not subject to
16 use tax:

17 (a) A transaction or a portion of a transaction if the
18 transferee or purchaser is the spouse, mother, father, brother,
19 sister, child, stepparent, stepchild, stepbrother, stepsister,
20 grandparent, grandchild, legal ward, or a legally appointed
21 guardian with a certified letter of guardianship, of the
22 transferor.

23 (b) A transaction or a portion of a transaction if the
24 transfer is a gift to a beneficiary in the administration of an
25 estate.

26 (c) If a vehicle, ORV, manufactured housing, aircraft,
27 snowmobile, or watercraft that has once been subjected to the

1 Michigan sales or use tax is transferred in connection with the
2 organization, reorganization, dissolution, or partial liquidation
3 of an incorporated or unincorporated business and the beneficial
4 ownership is not changed.

5 (d) If an insurance company licensed to conduct business in
6 this state acquires ownership of a late model distressed vehicle as
7 defined in section 12a of the Michigan vehicle code, 1949 PA 300,
8 MCL 257.12a, through payment of damages in response to a claim or
9 when the person who owned the vehicle before the insurance company
10 reacquires ownership from the company as part of the settlement of
11 a claim.

12 (4) The department may utilize the services, information, or
13 records of any other department or agency of state government or of
14 the authority in the performance of its duties under this act, and
15 other departments or agencies of state government and the authority
16 are required to furnish those services, information, or records
17 upon the request of the department.

18 (5) Beginning on October 1, 2015, the specific tax levied
19 under subsection (1) includes both a state share tax levied by this
20 state and a local community stabilization share tax authorized by
21 ~~the amendatory act that added section 2e-2014 PA 80~~ and levied by
22 the authority, which replaces the reduced state share at the
23 following rates in each of the following state fiscal years:

24 (a) For fiscal year 2015-2016, the local community
25 stabilization share tax rate to be levied by the authority is that
26 rate calculated by the department of treasury on behalf of the
27 authority sufficient to generate ~~\$96,100,000.00~~ **\$96,400,000.00** in

1 revenue and the state share tax rate is that rate determined by
2 subtracting the local community stabilization share tax rate from
3 6%.

4 (b) For fiscal year 2016-2017, the local community
5 stabilization share tax rate to be levied by the authority is that
6 rate calculated by the department of treasury on behalf of the
7 authority sufficient to generate ~~\$380,600,000.00~~ **\$380,900,000.00** in
8 revenue and the state share tax rate is that rate determined by
9 subtracting the local community stabilization share tax rate from
10 6%.

11 (c) For fiscal year 2017-2018, the local community
12 stabilization share tax rate to be levied by the authority is that
13 rate calculated by the department of treasury on behalf of the
14 authority sufficient to generate ~~\$410,500,000.00~~ **\$410,800,000.00** in
15 revenue and the state share tax rate is that rate determined by
16 subtracting the local community stabilization share tax rate from
17 6%.

18 (d) For fiscal year 2018-2019, the local community
19 stabilization share tax rate to be levied by the authority is that
20 rate calculated by the department of treasury on behalf of the
21 authority sufficient to generate ~~\$437,700,000.00~~ **\$438,000,000.00** in
22 revenue and the state share tax rate is that rate determined by
23 subtracting the local community stabilization share tax rate from
24 6%.

25 (e) For fiscal year 2019-2020, the local community
26 stabilization share tax rate to be levied by the authority is that
27 rate calculated by the department of treasury on behalf of the

1 authority sufficient to generate \$465,900,000.00 in revenue and the
2 state share tax rate is that rate determined by subtracting the
3 local community stabilization share tax rate from 6%.

4 (f) For fiscal year 2020-2021, the local community
5 stabilization share tax rate to be levied by the authority is that
6 rate calculated by the department of treasury on behalf of the
7 authority sufficient to generate \$491,500,000.00 in revenue and the
8 state share tax rate is that rate determined by subtracting the
9 local community stabilization share tax rate from 6%.

10 (g) For fiscal year 2021-2022, the local community
11 stabilization share tax rate to be levied by the authority is that
12 rate calculated by the department of treasury on behalf of the
13 authority sufficient to generate \$521,300,000.00 in revenue and the
14 state share tax rate is that rate determined by subtracting the
15 local community stabilization share tax rate from 6%.

16 (h) For fiscal year 2022-2023, the local community
17 stabilization share tax rate to be levied by the authority is that
18 rate calculated by the department of treasury on behalf of the
19 authority sufficient to generate \$548,000,000.00 in revenue and the
20 state share tax rate is that rate determined by subtracting the
21 local community stabilization share tax rate from 6%.

22 (i) For fiscal year 2023-2024, the local community
23 stabilization share tax rate to be levied by the authority is that
24 rate calculated by the department of treasury on behalf of the
25 authority sufficient to generate \$561,700,000.00 in revenue and the
26 state share tax rate is that rate determined by subtracting the
27 local community stabilization share tax rate from 6%.

1 (j) For fiscal year 2024-2025, the local community
2 stabilization share tax rate to be levied by the authority is that
3 rate calculated by the department of treasury on behalf of the
4 authority sufficient to generate \$569,800,000.00 in revenue and the
5 state share tax rate is that rate determined by subtracting the
6 local community stabilization share tax rate from 6%.

7 (k) For fiscal year 2025-2026, the local community
8 stabilization share tax rate to be levied by the authority is that
9 rate calculated by the department of treasury on behalf of the
10 authority sufficient to generate \$571,400,000.00 in revenue and the
11 state share tax rate is that rate determined by subtracting the
12 local community stabilization share tax rate from 6%.

13 (l) For fiscal year 2026-2027, the local community
14 stabilization share tax rate to be levied by the authority is that
15 rate calculated by the department of treasury on behalf of the
16 authority sufficient to generate \$572,200,000.00 in revenue and the
17 state share tax rate is that rate determined by subtracting the
18 local community stabilization share tax rate from 6%.

19 (m) For fiscal year 2027-2028, the local community
20 stabilization share tax rate to be levied by the authority is that
21 rate calculated by the department of treasury on behalf of the
22 authority sufficient to generate \$572,600,000.00 in revenue and the
23 state share tax rate is that rate determined by subtracting the
24 local community stabilization share tax rate from 6%.

25 (n) For fiscal year 2028-2029 and each fiscal year thereafter,
26 the local community stabilization share tax rate to be levied by
27 the authority is that rate calculated by the department of treasury

1 on behalf of the authority sufficient to generate the amount
2 distributed under this section in the immediately preceding year
3 adjusted by the personal property growth factor and the state share
4 tax rate is that rate determined by subtracting the local community
5 stabilization share tax rate from 6%.

6 (6) The state share includes the portion of the use tax
7 imposed at the additional rate of 2% approved by the electors of
8 this state on March 15, 1994 and dedicated for aid to schools under
9 section 21(2). The local community stabilization share does not
10 include the portion of the use tax imposed at the additional rate
11 of 2% approved by the electors of this state on March 15, 1994.

12 (7) The total combined rate of the tax levied by this state
13 and the authority under this act, including both the state share,
14 as reduced by ~~the amendatory act that added this subsection,~~ **2014**
15 **PA 80**, and the local community stabilization share, shall not
16 exceed the constitutional limit of 6% under section 8 of article IX
17 of the state constitution of 1963. The authority shall not increase
18 any tax or tax rate, but is authorized to and shall levy the local
19 community stabilization share at the rate provided in subsection
20 (5).