

**SUBSTITUTE FOR
SENATE BILL NO. 89**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 1 (MCL 205.51), as amended by 2008 PA 438.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) As used in this act:

2 (a) "Person" means an individual, firm, partnership, joint
3 venture, association, social club, fraternal organization,
4 municipal or private corporation whether organized for profit or
5 not, company, estate, trust, receiver, trustee, syndicate, the
6 United States, this state, county, or any other group or
7 combination acting as a unit, and includes the plural as well as
8 the singular number, unless the intention to give a more limited
9 meaning is disclosed by the context.

10 (b) "Sale at retail" or "retail sale" means a sale, lease, or

1 rental of tangible personal property for any purpose other than for
2 resale, sublease, or subrent.

3 (c) "Gross proceeds" means sales price.

4 (d) "Sales price" means the total amount of consideration,
5 including cash, credit, property, and services, for which tangible
6 personal property or services are sold, leased, or rented, valued
7 in money, whether received in money or otherwise, and applies to
8 the measure subject to sales tax. Sales price includes the
9 following subparagraphs (i) through (vii) and excludes subparagraphs
10 (viii) through ~~(x)~~ **(xii)** :

11 (i) Seller's cost of the property sold.

12 (ii) Cost of materials used, labor or service cost, interest,
13 losses, costs of transportation to the seller, taxes imposed on the
14 seller other than taxes imposed by this act, and any other expense
15 of the seller.

16 (iii) Charges by the seller for any services necessary to
17 complete the sale, other than the following:

18 (A) An amount received or billed by the taxpayer for
19 remittance to the employee as a gratuity or tip, if the gratuity or
20 tip is separately identified and itemized on the guest check or
21 billed to the customer.

22 (B) Labor or service charges involved in maintenance and
23 repair work on tangible personal property of others if separately
24 itemized.

25 (iv) Delivery charges incurred or to be incurred before the
26 completion of the transfer of ownership of tangible personal
27 property subject to the tax levied under this act from the seller

1 to the purchaser. A seller is not liable under this act for
2 delivery charges allocated to the delivery of exempt property.

3 (v) Installation charges incurred or to be incurred before the
4 completion of the transfer of ownership of tangible personal
5 property from the seller to the purchaser.

6 (vi) ~~Credit~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPHS (xi)**
7 **AND (xii), CREDIT** for any trade-in.

8 (vii) Except as otherwise provided in subparagraph (x),
9 consideration received by the seller from third parties if all of
10 the following conditions are met:

11 (A) The seller actually receives consideration from a party
12 other than the purchaser and the consideration is directly related
13 to a price reduction or discount on the sale.

14 (B) The seller has an obligation to pass the price reduction
15 or discount through to the purchaser.

16 (C) The amount of the consideration attributable to the sale
17 is fixed and determinable by the seller at the time of the sale of
18 the item to the purchaser.

19 (D) One of the following criteria is met:

20 (I) The purchaser presents a coupon, certificate, or other
21 documentation to the seller to claim a price reduction or discount
22 where the coupon, certificate, or documentation is authorized,
23 distributed, or granted by a third party with the understanding
24 that the third party will reimburse any seller to whom the coupon,
25 certificate, or documentation is presented.

26 (II) The purchaser identifies himself or herself to the seller
27 as a member of a group or organization entitled to a price

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1 reduction or discount. A preferred customer card that is available
2 to any patron does not constitute membership in a group or
3 organization.

4 (III) The price reduction or discount is identified as a third
5 party price reduction or discount on the invoice received by the
6 purchaser or on a coupon, certificate, or other documentation
7 presented by the purchaser.

8 (viii) Interest, financing, or carrying charges from credit
9 extended on the sale of personal property or services, if the
10 amount is separately stated on the invoice, bill of sale, or
11 similar document given to the purchaser.

12 (ix) Any taxes legally imposed directly on the consumer that
13 are separately stated on the invoice, bill of sale, or similar
14 document given to the purchaser.

15 (x) Beginning January 1, 2000, employee discounts that are
16 reimbursed by a third party on sales of motor vehicles.

17 (xi) BEGINNING <<ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
18 ADDED THIS SUBPARAGRAPH>>, THE AGREED-UPON VALUE OF A TITLED
19 WATERCRAFT USED AS PART PAYMENT OF THE PURCHASE PRICE OF A NEW
20 TITLED WATERCRAFT OR USED TITLED WATERCRAFT IF THE AGREED-UPON
21 VALUE IS SEPARATELY STATED ON THE INVOICE, BILL OF SALE, OR SIMILAR
22 DOCUMENT GIVEN TO THE PURCHASER.

23 (xii) BEGINNING <<OCTOBER 1, 2013>>, THE AGREED-UPON VALUE OF
24 A MOTOR VEHICLE OR RECREATIONAL VEHICLE USED AS PART PAYMENT OF THE
25 PURCHASE PRICE OF A NEW MOTOR VEHICLE OR USED MOTOR VEHICLE OR
26 RECREATIONAL VEHICLE IF THE AGREED-UPON VALUE IS SEPARATELY STATED
27 ON THE INVOICE, BILL OF SALE, OR SIMILAR DOCUMENT GIVEN TO THE
PURCHASER. FOR PURPOSES OF THIS SUBPARAGRAPH, THE AGREED-UPON VALUE

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1 OF A MOTOR VEHICLE OR RECREATIONAL VEHICLE USED AS PART PAYMENT
2 SHALL BE LIMITED AS FOLLOWS:

3 (A) BEGINNING <<OCTOBER 1, 2013>>, 10% OF THE AGREED-UPON
4 VALUE OF THE MOTOR VEHICLE OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

5 (B) IN 2014, 20% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
6 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

7 (C) IN 2015, 30% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
8 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

9 (D) IN 2016, 40% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
10 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

11 (E) IN 2017, 50% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
12 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

13 (F) IN 2018, 60% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
14 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

15 (G) IN 2019, 70% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
16 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

17 (H) IN 2020, 80% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
18 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

19 (I) IN 2021, 90% OF THE AGREED-UPON VALUE OF THE MOTOR VEHICLE
20 OR RECREATIONAL VEHICLE USED AS PART PAYMENT.

21 (J) IN 2022 AND EACH YEAR AFTER 2022, NO LIMITATION ON THE
22 AGREED-UPON VALUE OF THE MOTOR VEHICLE OR RECREATIONAL VEHICLE USED
23 AS PART PAYMENT.

24 (e) "Business" includes an activity engaged in by a person or
25 caused to be engaged in by that person with the object of gain,
26 benefit, or advantage, either direct or indirect.

27 (f) "Tax year" or "taxable year" means the fiscal year of the

1 state or the taxpayer's fiscal year if permission is obtained by
2 the taxpayer from the department to use the taxpayer's fiscal year
3 as the tax period instead.

4 (g) "Department" means the department of treasury.

5 (h) "Taxpayer" means a person subject to a tax under this act.

6 (i) "Tax" includes a tax, interest, or penalty levied under
7 this act.

8 (j) "Textiles" means goods that are made of or incorporate
9 woven or nonwoven fabric, including, but not limited to, clothing,
10 shoes, hats, gloves, handkerchiefs, curtains, towels, sheets,
11 pillows, pillow cases, tablecloths, napkins, aprons, linens, floor
12 mops, floor mats, and thread. Textiles also include materials used
13 to repair or construct textiles, or other goods used in the rental,
14 sale, or cleaning of textiles.

15 (K) "NEW MOTOR VEHICLE" MEANS THAT TERM AS DEFINED IN SECTION
16 33A OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.33A.

17 (L) "RECREATIONAL VEHICLE" MEANS THAT TERM AS DEFINED IN
18 SECTION 49A OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.49A.

19 (2) If the department determines that it is necessary for the
20 efficient administration of this act to regard an unlicensed
21 person, including a salesperson, representative, peddler, or
22 canvasser as the agent of the dealer, distributor, supervisor, or
23 employer under whom the unlicensed person operates or from whom the
24 unlicensed person obtains the tangible personal property sold by
25 the unlicensed person, irrespective of whether the unlicensed
26 person is making sales on the unlicensed person's own behalf or on
27 behalf of the dealer, distributor, supervisor, or employer, the

1 department may so regard the unlicensed person and may regard the
2 dealer, distributor, supervisor, or employer as making sales at
3 retail at the retail price for the purposes of this act.