

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5492**

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending sections 3 and 21 (MCL 205.93 and 205.111), 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%~~7% of  
6   the price of the property or services specified in section 3a or  
7   3b. The tax levied under this act applies to a person who acquires  
8   tangible personal property or services that are subject to the tax

1 levied under this act for any tax-exempt use who subsequently  
2 converts the tangible personal property or service to a taxable  
3 use, including an interim taxable use. If tangible personal  
4 property or services are converted to a taxable use, the tax levied  
5 under this act shall be imposed without regard to any subsequent  
6 tax-exempt use. Penalties and interest shall be added to the tax if  
7 applicable as provided in this act. For the purpose of the proper  
8 administration of this act and to prevent the evasion of the tax,  
9 all of the following shall be presumed:

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

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

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

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

24 (2) The tax imposed by this section for the privilege of  
25 using, storing, or consuming a vehicle, ORV, manufactured housing,  
26 aircraft, snowmobile, or watercraft shall be collected before the  
27 transfer of the vehicle, ORV, manufactured housing, aircraft,

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

18 (3) The following transfers or purchases are not subject to  
19 use tax:

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

26 (b) A transaction or a portion of a transaction if the  
27 transfer is a gift to a beneficiary in the administration of an

1 estate.

2 (c) If a vehicle, ORV, manufactured housing, aircraft,  
3 snowmobile, or watercraft that has once been subjected to the  
4 Michigan sales or use tax is transferred in connection with the  
5 organization, reorganization, dissolution, or partial liquidation  
6 of an incorporated or unincorporated business and the beneficial  
7 ownership is not changed.

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

15 **(E) BEGINNING OCTOBER 1, 2015, THE TRANSFER OR PURCHASE OF**  
16 **GASOLINE OR DIESEL FUEL USED TO OPERATE A MOTOR VEHICLE ON THE**  
17 **PUBLIC ROADS OR HIGHWAYS OF THIS STATE.**

18 (4) The department may utilize the services, information, or  
19 records of any other department or agency of state government or of  
20 the authority in the performance of its duties under this act, and  
21 other departments or agencies of state government and the authority  
22 are required to furnish those services, information, or records  
23 upon the request of the department.

24 (5) Beginning on October 1, 2015, the specific tax levied  
25 under subsection (1) includes both a state share tax levied by this  
26 state and a local community stabilization share tax authorized by  
27 the amendatory act that added section 2c and levied by the

1 authority, which replaces the reduced state share at the following  
2 rates in each of the following state fiscal years:

3 (a) For fiscal year 2015-2016, the local community  
4 stabilization share tax rate to be levied by the authority is that  
5 rate calculated by the department of treasury on behalf of the  
6 authority sufficient to generate \$96,100,000.00 in revenue and the  
7 state share tax rate is that rate determined by subtracting the  
8 local community stabilization share tax rate from ~~6%-7%~~.

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

15 (c) For fiscal year 2017-2018, the local community  
16 stabilization share tax rate to be levied by the authority is that  
17 rate calculated by the department of treasury on behalf of the  
18 authority sufficient to generate \$410,500,000.00 in revenue and the  
19 state share tax rate is that rate determined by subtracting the  
20 local community stabilization share tax rate from ~~6%-7%~~.

21 (d) For fiscal year 2018-2019, the local community  
22 stabilization share tax rate to be levied by the authority is that  
23 rate calculated by the department of treasury on behalf of the  
24 authority sufficient to generate \$437,700,000.00 in revenue and the  
25 state share tax rate is that rate determined by subtracting the  
26 local community stabilization share tax rate from ~~6%-7%~~.

27 (e) For fiscal year 2019-2020, the local community

1 stabilization share tax rate to be levied by the authority is that  
2 rate calculated by the department of treasury on behalf of the  
3 authority sufficient to generate \$465,900,000.00 in revenue and the  
4 state share tax rate is that rate determined by subtracting the  
5 local community stabilization share tax rate from ~~6%-7%~~.

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

12 (g) For fiscal year 2021-2022, the local community  
13 stabilization share tax rate to be levied by the authority is that  
14 rate calculated by the department of treasury on behalf of the  
15 authority sufficient to generate \$521,300,000.00 in revenue and the  
16 state share tax rate is that rate determined by subtracting the  
17 local community stabilization share tax rate from ~~6%-7%~~.

18 (h) For fiscal year 2022-2023, 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 \$548,000,000.00 in revenue and the  
22 state share tax rate is that rate determined by subtracting the  
23 local community stabilization share tax rate from ~~6%-7%~~.

24 (i) For fiscal year 2023-2024, 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 \$561,700,000.00 in revenue and the

1 state share tax rate is that rate determined by subtracting the  
2 local community stabilization share tax rate from ~~6%-7%~~.

3 (j) For fiscal year 2024-2025, the local community  
4 stabilization share tax rate to be levied by the authority is that  
5 rate calculated by the department of treasury on behalf of the  
6 authority sufficient to generate \$569,800,000.00 in revenue and the  
7 state share tax rate is that rate determined by subtracting the  
8 local community stabilization share tax rate from ~~6%-7%~~.

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

15 (l) For fiscal year 2026-2027, the local community  
16 stabilization share tax rate to be levied by the authority is that  
17 rate calculated by the department of treasury on behalf of the  
18 authority sufficient to generate \$572,200,000.00 in revenue and the  
19 state share tax rate is that rate determined by subtracting the  
20 local community stabilization share tax rate from ~~6%-7%~~.

21 (m) For fiscal year 2027-2028, the local community  
22 stabilization share tax rate to be levied by the authority is that  
23 rate calculated by the department of treasury on behalf of the  
24 authority sufficient to generate \$572,600,000.00 in revenue and the  
25 state share tax rate is that rate determined by subtracting the  
26 local community stabilization share tax rate from ~~6%-7%~~.

27 (n) For fiscal year 2028-2029 and each fiscal year thereafter,

1 the local community stabilization share tax rate to be levied by  
2 the authority is that rate calculated by the department of treasury  
3 on behalf of the authority sufficient to generate the amount  
4 distributed under this section in the immediately preceding year  
5 adjusted by the personal property growth factor and the state share  
6 tax rate is that rate determined by subtracting the local community  
7 stabilization share tax rate from ~~6%~~7%.

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

14 (7) The total combined rate of the tax levied by this state  
15 and the authority under this act, including both the state share,  
16 as reduced by the amendatory act that added this subsection, and  
17 the local community stabilization share, shall not exceed the  
18 constitutional limit of ~~6%~~7% under section 8 of article IX of the  
19 state constitution of 1963. The authority shall not increase any  
20 tax or tax rate, but is authorized to and shall levy the local  
21 community stabilization share at the rate provided in subsection  
22 (5).

23 Sec. 21. (1) Except as provided in subsections (2), (3), ~~and~~  
24 (4), **AND (5)**, all money received and collected under this act shall  
25 be deposited by the department of treasury in the state treasury to  
26 the credit of the general fund, to be disbursed only by  
27 appropriations by the legislature.



1           (2) The collections from the use tax imposed at the additional  
2 rate of 2% approved by the electors March 15, 1994 shall be  
3 deposited in the state school aid fund established in section 11 of  
4 article IX of the state constitution of 1963.

5           (3) From the money received and collected under this act for  
6 the state share, an amount equal to all revenue lost under the  
7 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and  
8 all revenue lost from basic school operating mills as a result of  
9 the exemption of personal property under sections 9m, 9n, and 9o of  
10 the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and  
11 211.9o, as determined by the department, shall be deposited into  
12 the state school aid fund established by section 11 of article IX  
13 of the state constitution of 1963. Funds deposited into the state  
14 school aid fund under this subsection shall not include the portion  
15 of the state share of the use tax imposed at the additional rate of  
16 2% approved by the electors of this state on March 15, 1994 and  
17 dedicated for aid to schools under subsection (2).

18           **(4) BEGINNING OCTOBER 1, 2015, FROM THE AMOUNT COLLECTED UNDER**  
19 **THIS ACT, NOT INCLUDING THE AMOUNT COLLECTED FROM THE ADDITIONAL**  
20 **RATE OF 2% APPROVED BY THE ELECTORS MARCH 15, 1994, AN AMOUNT EQUAL**  
21 **TO 12.3% SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND**  
22 **ESTABLISHED IN SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION**  
23 **OF 1963, AS PROVIDED IN SECTION 11 OF ARTICLE IX OF THE STATE**  
24 **CONSTITUTION OF 1963, FROM THE STATE SHARE, AFTER THE DISTRIBUTIONS**  
25 **UNDER SUBSECTIONS (2) AND (3).**

26           (5) ~~(4)~~ Money received and collected under this act for the  
27 local community stabilization share is not state funds, shall not

1 be credited to the state treasury, and shall be transmitted to the  
2 authority for deposit in the treasury of the authority, to be  
3 disbursed by the authority only as authorized under the local  
4 community stabilization authority act. The local community  
5 stabilization share is a local tax, not a state tax, and money  
6 received and collected for the local community stabilization share  
7 is money of the authority and not money of this state.

8 Enacting section 1. This amendatory act does not take effect  
9 unless Senate Joint Resolution \_\_\_\_ or House Joint Resolution \_\_\_\_  
10 (request no. 02708'13 \*\*) of the 97th Legislature becomes a part of  
11 the state constitution of 1963 as provided in section 1 of article  
12 XII of the state constitution of 1963.

13 Enacting section 2. This amendatory act does not take effect  
14 unless all of the following bills of the 97th Legislature are  
15 enacted into law:

16 (a) House Bill No. 4539.

17 (b) House Bill No. 5477.

18 Enacting section 3. This amendatory act takes effect October  
19 1, 2015.