

**SUBSTITUTE FOR
SENATE BILL NO. 1180**

A bill to amend 1937 PA 94, entitled
"Use tax act,"
(MCL 205.91 to 205.111) by adding section 4hh.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4hh. (1) Beginning January 1, 2021, the tax under this
2 act does not apply to the storage, use, or consumption of an in-
3 store consumer goods micro-fulfillment system or system parts by a
4 retailer.

5 (2) As used in this section:

6 (a) "Consumer goods" means finished goods for use primarily
7 for personal, family, or household purposes.

8 (b) "Fulfillment of online orders" means the processing of
9 orders from consumers that were made over the internet and the



1 selection, assembly, storage, and staging of the consumer goods
2 ordered.

3 (c) "In-store consumer goods micro-fulfillment system" means
4 equipment, including, but not limited to, computers, computer
5 software, storage systems, refrigerators, and freezers, that meets
6 both of the following requirements:

7 (i) Is used by a retailer exclusively for the fulfillment of
8 online orders of consumer goods for delivery to or pick up by the
9 consumer.

10 (ii) Is located in a building that is owned, leased, or used by
11 a retailer and in which at least half of the building's square
12 footage is used as an operating retail store.

13 (d) "System parts" means machinery, equipment, repair parts,
14 and computer software that are component parts of an in-store
15 consumer goods micro-fulfillment system.