

SENATE BILL No. 715

February 16, 1988, Introduced by Senators DE GROW and SCHWARZ
and Referred to the Committee on Finance.

A bill to amend sections 3 and 21 of Act No. 94 of the
Public Acts of 1937, entitled as amended

"Use tax act,"

section 3 as amended by Act No. 178 of the Public Acts of 1984
and section 21 as amended by Act No. 260 of the Public Acts of
1987, being sections 205.93 and 205.111 of the Michigan Compiled
Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3 and 21 of Act No. 94 of the Public
2 Acts of 1937, section 3 as amended by Act No. 178 of the Public
3 Acts of 1984 and section 21 as amended by Act No. 260 of the
4 Public Acts of 1987, being sections 205.93 and 205.111 of the
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 3. (1) There is levied upon and there shall be
7 collected from every person in this state a specific tax for the

1 privilege of using, storing, or consuming tangible personal
2 property in this state, which tax shall be equal to ~~4%~~ 5% of
3 the price of the property, or services specified in section 3a,
4 and to the tax there shall be added penalties and interest where
5 applicable as provided in this act. For the purpose of the
6 proper administration of this act and to prevent the evasion of
7 the tax, it shall be presumed that tangible personal property
8 purchased shall be subject to the tax if brought into the state
9 within 90 days of the purchase date and shall be considered as
10 acquired for storage, use, or other consumption in this state.

11 (2) The tax imposed by this section for the privilege of
12 using, storing, or consuming a vehicle, ORV, mobile home, air-
13 craft, snowmobile, or watercraft shall be collected prior to the
14 transfer of the vehicle, ORV, mobile home, aircraft, snowmobile,
15 or watercraft, except transfers to a licensed dealer or retailer
16 for purposes of resale, that arises by reason of a transaction
17 made by a person who does not transfer vehicles, ORV's, mobile
18 homes, aircraft, snowmobiles, or watercraft in the ordinary
19 course of his or her business done in this state. The tax on a
20 vehicle, ORV, snowmobile, and a watercraft shall be collected by
21 the secretary of state before the transfer of any vehicle, ORV,
22 snowmobile, or watercraft registration. The tax on a mobile home
23 shall be collected by the department of commerce, mobile home
24 commission, or its agent before the transfer of the certificate
25 of title. The tax on an aircraft shall be collected by the
26 department of treasury. Notwithstanding any limitation contained
27 in section 2, the price tax base of any vehicle, ORV, mobile

1 home, aircraft, snowmobile, or watercraft subject to taxation
2 under this act, except as authorized by section 2(f) on and after
3 January 1, 1984 and until the effective date of this 1984 amenda-
4 tory act, for a motor vehicle, trailer coach, or titled water-
5 craft, shall be not less than its retail dollar value at the time
6 of acquisition thereof as fixed pursuant to rules promulgated by
7 the department.

8 (3) ~~No~~ THE use tax ~~shall be payable in cases of transfer~~
9 ~~or purchase~~ does not apply to the following:

10 (a) When the transferee or purchaser is the spouse, mother,
11 father, brother, sister, or child of the transferor.

12 (b) When the transfer is a gift to a beneficiary in the
13 administration of an estate.

14 (c) When a vehicle, ORV, mobile home, aircraft, snowmobile,
15 or watercraft ~~which~~ THAT has once been subjected to the
16 Michigan sales or use tax is transferred in connection with the
17 organization, reorganization, dissolution, or partial liquidation
18 of an incorporated or unincorporated business and the beneficial
19 ownership is not changed.

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

26 Sec. 21. ~~Except as provided in subsection (2), all~~ TWENTY
27 PERCENT OF THE COLLECTIONS FROM THE TAX UNDER THIS ACT SHALL BE

1 DEPOSITED IN THE STATE SCHOOL AID FUND CREATED BY SECTION 11 OF
2 ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND DISTRIBUTED AS
3 PROVIDED BY LAW. THE REMAINING money received and collected
4 under the provisions of this act shall be deposited by the
5 department ~~—~~ in the state treasury to the credit of the general
6 fund ~~—~~ to be disbursed only by appropriations by the
7 legislature.