

# HOUSE BILL No. 4783

May 2, 1991, Introduced by Reps. Jaye, Bartnik, Hoffman, Porreca, Dalman, McBryde, Robertson, Rocca, Willis Bullard and Wozniak and referred to the Committee on Taxation.

A bill to amend section 4a of Act No. 167 of the Public Acts of 1933, entitled as amended

"General sales tax act,"

as amended by Act No. 143 of the Public Acts of 1990, being section 205.54a of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 4a of Act No. 167 of the Public Acts of  
2 1933, as amended by Act No. 143 of the Public Acts of 1990, being  
3 section 205.54a of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 4a. A person subject to tax under this act need not  
6 include in the amount of the gross proceeds used for the computa-  
7 tion of the tax, sales of tangible personal property:

8       (a) Not for resale, and when not operated for profit, to a  
9 school, hospital, home for the care and maintenance of children

1 or aged persons, or other health, welfare, educational, cultural  
2 arts, charitable, or benevolent institution or agency, operated  
3 by an entity of government, a regularly organized church, reli-  
4 gious, or fraternal organization, a veterans' organization, or a  
5 corporation incorporated under the laws of the state, if the  
6 income or benefit from the operation does not inure, in whole or  
7 in part, to an individual or private shareholder, directly or  
8 indirectly, and if the activities of the entity or agency are  
9 carried on exclusively for the benefit of the public at large and  
10 are not limited to the advantage, interests, and benefits of its  
11 members or any restricted group. At the time of the transfer of  
12 this tangible personal property, the transferee shall sign a  
13 statement, in a form approved by the department, stating that the  
14 property is to be used or consumed in connection with the opera-  
15 tion of the institution or agency and that the institution or  
16 agency qualifies as an exempt entity under this subdivision. The  
17 statement shall be accepted by all courts as prima facie evidence  
18 of the exemption and the statement shall provide that if the  
19 claim for tax exemption is disallowed the transferee will reim-  
20 burse the transferor for the amount of tax involved. A sale of  
21 tangible personal property to a parent cooperative preschool is  
22 exempt from taxation under this act. As used in this subdivi-  
23 sion, "parent cooperative preschool" means a nonprofit, nondis-  
24 criminatory educational institution, maintained as a community  
25 service and administered by parents of children currently  
26 enrolled in the preschool, that provides an educational and  
27 developmental program for children younger than compulsory school

1 age, that provides an educational program for parents, including  
2 active participation with children in preschool activities, that  
3 is directed by qualified preschool personnel, and that is  
4 licensed by the department of social services pursuant to Act  
5 No. 116 of the Public Acts of 1973, as amended, being sections  
6 722.111 to 722.128 of the Michigan Compiled Laws.

7 (b) Not for resale to a regularly organized church or house  
8 of religious worship, except:

9 (i) Sales in activities that are mainly commercial  
10 enterprises.

11 (ii) Sales of vehicles licensed for use on public highways  
12 other than a passenger van or bus with a manufacturer's rated  
13 seating capacity of 10 or more that is used primarily for the  
14 transportation of persons for religious purposes.

15 (c) To bona fide enrolled students, of food by a school or  
16 other educational institution not operated for profit.

17 (d) Affixed to and made a structural part of real estate  
18 excepted from the definition of "sale at retail" under section  
19 1(1)(c).

20 (e) To persons, of a vessel designated for commercial use of  
21 registered tonnage of 500 tons or more, if produced upon special  
22 order of the purchaser, and bunker and galley fuel, provisions,  
23 supplies, maintenance, and repairs for the exclusive use of the  
24 vessel engaged in interstate commerce.

25 (f) To persons engaged in a business enterprise and using or  
26 consuming the tangible personal property in the tilling,  
27 planting, caring for, or harvesting of the things of the soil; in

1 the breeding, raising, or caring for livestock, poultry, or  
2 horticultural products, including transfers of livestock, poul-  
3 try, or horticultural products for further growth or in the  
4 direct gathering of fish, by net, line, or otherwise, only by an  
5 owner-operator of the business enterprise, not including a  
6 charter fishing business enterprise. This exemption includes  
7 agricultural land tile, which means fired clay or perforated  
8 plastic tubing used as part of a subsurface drainage system for  
9 land used in the production of agricultural products as a busi-  
10 ness enterprise. At the time of the transfer of this tangible  
11 personal property, the transferee shall sign a statement, in a  
12 form approved by the department, stating that the property is to  
13 be used or consumed in connection with the production of horti-  
14 cultural or agricultural products as a business enterprise, or in  
15 connection with fishing as an owner-operator business  
16 enterprise. The statement shall be accepted by all courts as  
17 prima facie evidence of the exemption. This exemption includes a  
18 portable grain bin, which means a structure that is used or is to  
19 be used to shelter grain and that is designed to be disassembled  
20 without significant damage to its component parts. This exemp-  
21 tion does not include transfers of food, fuel, clothing, or any  
22 similar tangible personal property for personal living or human  
23 consumption. This exemption does not include tangible personal  
24 property permanently affixed and becoming a structural part of  
25 real estate.

26 (g) To the following:

1       (i) An industrial processor for use or consumption in  
2 industrial processing. Property used or consumed in industrial  
3 processing does not include tangible personal property per-  
4 manently affixed and becoming a structural part of real estate;  
5 office furniture, office supplies, and administrative office  
6 equipment; or vehicles licensed and titled for use on public  
7 highways. Industrial processing does not include receiving and  
8 storage of raw materials purchased or extracted by the user or  
9 consumer, ~~or~~ or the preparation of food and beverages by a  
10 retailer for retail sale. As used in this subdivision,  
11 "industrial processor" means a person who transforms, alters, or  
12 modifies tangible personal property by changing the form, compo-  
13 sition, or character of the property for ultimate sale at retail  
14 or sale to another industrial processor to be further processed  
15 for ultimate sale at retail. Sales to a person performing a  
16 service who does not act as an industrial processor while per-  
17 forming this service ~~shall~~ ARE not ~~be~~ excluded under this  
18 subdivision except as provided in subparagraph (ii).

19       (ii) After December 31, 1984, a person, whether or not the  
20 person is an industrial processor, if the tangible personal prop-  
21 erty is a computer used in operating industrial processing equip-  
22 ment; equipment used in a computer assisted manufacturing system;  
23 equipment used in a computer assisted design or engineering  
24 system integral to an industrial process; or a subunit or elec-  
25 tronic assembly comprising a component in a computer integrated  
26 industrial processing system.

1 (h) To persons, of a newspaper or periodical admitted under  
2 federal postal laws and regulations effective September 1, 1985  
3 as second-class mail matter or as a controlled circulation publi-  
4 cation or qualified to accept legal notices for publication in  
5 this state, as defined by law, or any other newspaper or periodi-  
6 cal of general circulation, established not less than 2 years,  
7 and published not less than once a week, and copyrighted motion  
8 picture films. Tangible personal property used or consumed, and  
9 not becoming a component part of a newspaper or periodical,  
10 except that portion or percentage of tangible personal property  
11 used or consumed in producing an advertising supplement that  
12 becomes a component part of a newspaper or periodical, ~~and copy-~~  
13 ~~righted motion picture films~~ are subject to tax. For purposes  
14 of this subdivision, tangible personal property that becomes a  
15 component part of a newspaper or periodical, and thereby not  
16 subject to tax, shall include an advertising supplement inserted  
17 into and circulated with a newspaper or periodical that is other-  
18 wise exempt from tax under this subdivision, if the advertising  
19 supplement is delivered directly to the newspaper or periodical  
20 by a person other than the advertiser, or the advertising supple-  
21 ment is printed by the newspaper or periodical.

22 (i) To persons licensed to operate commercial radio or tele-  
23 vision stations if the property is used in the origination or  
24 integration of the various sources of program material for com-  
25 mercial radio or television transmission. This subdivision does  
26 not include a vehicle licensed and titled for use on public

1 highways or property used in the transmission to or receiving  
2 from an artificial satellite.

3       (k) A hearing aid, contact lenses if prescribed for a spe-  
4 cific disease that precludes the use of eyeglasses, or any other  
5 apparatus, device, or equipment used to replace or substitute for  
6 a part of the human body, or used to assist the disabled person  
7 to lead a reasonably normal life if the tangible personal prop-  
8 erty is purchased on a written prescription or order issued by a  
9 licensed health professional as defined by section 21005 of the  
10 public health code, Act No. 368 of the Public Acts of 1978, being  
11 section 333.21005 of the Michigan Compiled Laws, or eyeglasses  
12 prescribed or dispensed to correct the person's vision by an oph-  
13 thalmologist, optometrist, or optician.

14       (l) To persons for use or consumption in the rendition of a  
15 service, the use or consumption of which is taxable under section  
16 3a(a) of the use tax act, Act No. 94 of the Public Acts of 1937,  
17 as amended, being section 205.93a of the Michigan Compiled Laws,  
18 except that this exemption ~~shall be~~ IS limited to the tangible  
19 personal property located on the premises of the subscriber and  
20 the necessary exchange equipment.

21       (m) Not for resale of a vehicle to a Michigan nonprofit cor-  
22 poration organized exclusively to provide a community with ambu-  
23 lance or fire department services.

24       (n) To inmates in a penal or correction institution pur-  
25 chased with scrip issued and redeemed by the institution.

1 (o) To or for the use of students enrolled in any part of a  
2 kindergarten through twelfth grade program, of textbooks sold by  
3 a public or nonpublic school.

4 (p) Installed as a component part of a water pollution con-  
5 trol facility for which a tax exemption certificate is issued  
6 pursuant to Act No. 222 of the Public Acts of 1966, as amended,  
7 being sections 323.351 to 323.358 of the Michigan Compiled Laws,  
8 or an air pollution control facility for which a tax exemption  
9 certificate is issued pursuant to Act No. 250 of the Public Acts  
10 of 1965, as amended, being sections 336.1 to 336.8 of the  
11 Michigan Compiled Laws.

12 (q) To a purchaser of a new motor vehicle purchased before  
13 January 1, 1993 if the purchaser qualifies for a special regis-  
14 tration under section ~~226(11)~~ 226(12) of the Michigan vehicle  
15 code, Act No. 300 of the Public Acts of 1949, being  
16 section 257.226 of the Michigan Compiled Laws, and the vehicle is  
17 purchased through a country determined by the department to be  
18 providing a like or complete exemption for the purchase of a new  
19 motor vehicle to be removed from that country.

20 (R) TO A PERSON OF A USED OR SECONDHAND VEHICLE AS DEFINED  
21 IN SECTION 78 OF THE MICHIGAN VEHICLE CODE, ACT NO. 300 OF THE  
22 PUBLIC ACTS OF 1949, BEING SECTION 257.78 OF THE MICHIGAN  
23 COMPILED LAWS, WITH A PURCHASE PRICE OF \$40,000.00 OR LESS.

24 (S) TO A PERSON BEFORE DECEMBER 1, 1991 OF A NEW MOTOR VEHI-  
25 CLE AS DEFINED IN SECTION 33A OF THE MICHIGAN VEHICLE CODE, ACT  
26 NO. 300 OF THE PUBLIC ACTS OF 1949, BEING SECTION 257.33A OF THE



1 MICHIGAN COMPILED LAWS, WITH A PURCHASE PRICE OF \$40,000.00 OR  
2 LESS.