

Act No. 127  
Public Acts of 1994  
Approved by the Governor  
May 15, 1994  
Filed with the Secretary of State  
May 16, 1994

**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1994**

**Introduced by Senators Dunaskiss Ehlers Faxon Welborn O'Brien Wartner and Bouchard**

**ENROLLED SENATE BILL No. 727**

AN ACT to amend section 1 of Act No. 167 of the Public Acts of 1933 entitled as amended An act to provide for the raising of additional public revenue by prescribing certain specific taxes fees and charges to be paid to the state for the privilege of engaging in certain business activities to provide incident to the enforcement thereof for the issuance of licenses to engage in such occupations to provide for the ascertainment assessment and collection thereof to appropriate the proceeds thereof and to prescribe penalties for violations of the provisions of this act as amended by Act No. 325 of the Public Acts of 1993 being section 205 51 of the Michigan Compiled Laws

*The People of the State of Michigan enact*

Section 1 Section 1 of Act No. 167 of the Public Acts of 1933 as amended by Act No. 325 of the Public Acts of 1993 being section 205 51 of the Michigan Compiled Laws is amended to read as follows

Sec. 1 (1) As used in this act

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

(b) Sale at retail means a transaction by which the ownership of tangible personal property is transferred for consideration if the transfer is made in the ordinary course of the transferor's business and is made to the transferee for consumption or use or for any purpose other than for resale or for lease if the rental receipts are taxable under the use tax act Act No. 94 of the Public Acts of 1937 as amended being sections 205 91 to 205 111 of the Michigan Compiled Laws in the form of tangible personal property to a person licensed under this act or for demonstration purposes or lending or leasing to a public or parochial school offering a course in automobile driving However a vehicle purchased by the school shall be certified for driver education and shall not be reassigned for personal use of the school's administrative personnel For a dealer selling a new car or truck the exemption for demonstration purposes shall be determined by the number of new cars and trucks sold during the current calendar year or the immediately preceding year without regard to specific make or style in accordance with the following schedule of 0 to 25 2 units 26 to 100 7 units 101 to 500 20 units 501 or more 25 units but not to exceed 25 cars and trucks in a calendar year for demonstration purposes

(c) Sale at retail includes the sale of tangible personal property to persons directly engaged in the business of constructing altering repairing or improving real estate for others except property affixed to and made a structural part of the real estate of a nonprofit hospital or nonprofit housing. A nonprofit hospital or nonprofit housing includes only the property of a nonprofit hospital or the homes or dwelling places constructed by a nonprofit housing entity qualified as exempt pursuant to section 15a of the state housing development authority act of 1966 Act No 346 of the Public Acts of 1966 as amended being section 125 1415a of the Michigan Compiled Laws the income or property of which does not directly or indirectly inure to the benefit of an individual private stockholder or other private person.

(d) Sale at retail includes a conditional sale installment lease sale and other transfer of property if title is retained as security for the purchase price but is intended to be transferred later.

(e) Sale at retail includes the sale of electricity natural or artificial gas or steam if made to the consumer or user for consumption or use rather than for resale. Sale at retail does not include the sale of water through water mains or the sale of water delivered in bulk tanks in quantities of not less than 500 gallons.

(f) Sale at retail includes computer software offered for general sale to the public or software modified or adapted to the user's needs or equipment by the seller only if the software is available for sale from a seller of software on an as is basis or as an end product without modification or adaptation. Sale at retail does not include specific charges for technical support or for adapting or modifying prewritten standard or canned computer software programs to a purchaser's needs or equipment if those charges are separately stated and identified. Sale at retail does not include computer software originally designed for the exclusive use and special needs of the purchaser. As used in this subdivision computer software means a set of statements or instructions that when incorporated in a machine usable medium is capable of causing a machine or device having information processing capabilities to indicate perform or achieve a particular function task or result.

(g) Sale at retail does not include an isolated transaction by a person not licensed or required to be licensed under this act in which tangible personal property is offered for sale sold transferred and delivered by the owner.

(h) Gross proceeds means the amount received in money credits subsidies property or other money's worth in consideration of a sale at retail within this state without a deduction for the cost of the property sold the cost of material used the cost of labor or service purchased an amount paid for interest or a discount a tax paid on cigarettes or tobacco products at the time of purchase a tax paid on beer or liquor at the time of purchase or other expenses. Also a deduction is not allowed for losses. Gross proceeds does not include an amount received or billed by the taxpayer for remittance to the employee as a gratuity or tip if the gratuity or tip is separately identified and itemized on the guest check or billed to the customer. In a taxable sale at retail of a motor vehicle if another motor vehicle is used as part payment of the purchase price the value of the motor vehicle used as part payment of the purchase price shall be that value agreed to by the parties to the sale as evidenced by the signed statement executed pursuant to section 251 of the Michigan vehicle code Act No 300 of the Public Acts of 1949 as amended being section 257 251 of the Michigan Compiled Laws. A credit or refund for returned goods or a refund less an allowance for use made for a motor vehicle returned under Act No 87 of the Public Acts of 1986 being sections 257 1401 to 257 1410 of the Michigan Compiled Laws as certified by the manufacturer on a form provided by the department of treasury may be deducted.

(i) Business includes an activity engaged in by a person or caused to be engaged in by that person with the object of gain benefit or advantage either direct or indirect.

(j) Tax year or taxable year means the fiscal year of the state or the taxpayer's fiscal year if permission is obtained by the taxpayer from the department to use the taxpayer's fiscal year as the tax period instead.

(k) Department means the revenue division of the department of treasury.

(l) Taxpayer means a person subject to a tax under this act.

(m) Tax includes a tax interest or penalty levied under this act.

(2) If the department determines that it is necessary for the efficient administration of this act to regard an unlicensed person including a salesperson representative peddler or canvasser as the agent of the dealer distributor supervisor or employer under whom the unlicensed person operates or from whom the unlicensed person obtains the tangible personal property sold by the unlicensed person irrespective of whether the unlicensed person is making sales on the unlicensed person's own behalf or on behalf of the dealer distributor supervisor or employer the department may so regard the unlicensed person and may regard the dealer distributor supervisor or employer as making sales at retail at the retail price for the purposes of this act.

Section 2 This amendatory act shall take effect August 1 1994.

This act is ordered to take immediate effect

Secretary of the Senate

Co Clerk of the House of Representatives

Approved

Governor