



HOUSE BILL No. 4550

March 8, 1995, Introduced by Reps. London, Bullard, Pitoniak, Randall, Yokich, Walberg, Bodem, Goschka, Perricone, McNutt, Cropsey, Brackenridge, Dobb, Munsell, Whyman, Freeman, Profit, Harder, Curtis, Gernaat, Lowe, Willard, Kaza, Weeks, Kukuk, LeTarte, Green, Middaugh, McManus, Hammerstrom, Rhead, Baade, Nye, Alley, Dolan, Fitzgerald, Jaye, LaForge, Gnodtke, Jersevic, Ryan and Gagliardi and referred to the Committee on Tax Policy.

A bill to amend sections 40 and 25 of Act No. 167 of the Public Acts of 1933, entitled as amended "General sales tax act," section 40 as added by Act No. 156 of the Public Acts of 1994 and section 25 as amended by Act No. 325 of the Public Acts of 1993, being sections 205.540 and 205.75 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 40 and 25 of Act No. 167 of the Public
2 Acts of 1933, section 40 as added by Act No. 156 of the Public
3 Acts of 1994 and section 25 as amended by Act No. 325 of the
4 Public Acts of 1993, being sections 205.540 and 205.75 of the
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 40. (1) A person subject to tax under this act with
7 aggregate sales at retail in the calendar year of less than
8 \$5,000.00 and not operating for profit who is a school, church,

1 hospital, parent cooperative preschool, or nonprofit organization
2 with a tax exempt status under section 4n(1)(a) or (b) may
3 exclude from the GROSS proceeds used for the computation of the
4 tax the sales of tangible personal property for fund-raising
5 purposes.

6 (2) A PERSON SUBJECT TO TAX UNDER THIS ACT AND NOT OPERATING
7 FOR PROFIT, WHO IS A SCHOOL, CHURCH, HOSPITAL, PARENT COOPERATIVE
8 PRESCHOOL, OR NONPROFIT ORGANIZATION WITH A TAX EXEMPT STATUS
9 UNDER SECTION 4N(1)(A) OR (B), MAY EXCLUDE FROM GROSS PROCEEDS
10 USED FOR THE COMPUTATION OF THE TAX THAT PORTION OF THE PROCEEDS
11 FROM THE SALES OF TANGIBLE PERSONAL PROPERTY FOR FUND-RAISING
12 PURPOSES THAT IS IN EXCESS OF THE DIRECT COST TO THE TAX EXEMPT
13 ENTITY OF THAT TANGIBLE PERSONAL PROPERTY SOLD FOR FUND-RAISING
14 PURPOSES. THIS SUBSECTION IS APPLICABLE TO ALL SALES AT RETAIL
15 OCCURRING AFTER DECEMBER 31, 1985.

16 (3) ~~(2)~~ A club, association, auxiliary, or other organiza-
17 tion affiliated with a school, church, hospital, parent coopera-
18 tive preschool, or nonprofit organization with a tax exempt
19 status under section 4n(1)(a) or (b) is not considered a separate
20 person for purposes of ~~this exemption~~ THE EXEMPTIONS PROVIDED
21 BY THIS SECTION. As used in this section, "school" means each
22 elementary, middle, junior, or high school site within a local
23 school district that represents a district attendance area as
24 established by the board of the local school district.

25 Sec. 25. (1) All ~~sums of~~ money received and collected
26 under this act shall be deposited by the department in the state

1 treasury to the credit of the general fund, except as provided in
2 this section.

3 (2) Fifteen percent of the collections of the tax imposed at
4 a rate of 4% shall be distributed to cities, villages, and town-
5 ships pursuant to the state revenue sharing act of 1971, Act
6 No. 140 of the Public Acts of 1971, being sections 141.901 to
7 141.921 of the Michigan Compiled Laws.

8 (3) Sixty percent of the collections of the tax imposed at a
9 rate of 4% shall be deposited in the state school aid fund estab-
10 lished in section 11 of article IX of the state constitution of
11 1963 and distributed as provided by law. In addition, all of the
12 collections of the tax imposed at the additional rate of 2%
13 approved by the electors March 15, 1994 shall be deposited in the
14 state school aid fund.

15 (4) For the fiscal year ending September 30, 1988 and each
16 fiscal year ending after September 30, 1988, of the 25% of the
17 collections of the general sales tax imposed at a rate of 4%
18 directly or indirectly on fuels sold to propel motor vehicles
19 upon highways, on the sale of motor vehicles, and on the sale of
20 the parts and accessories of motor vehicles by new and used car
21 businesses, used car businesses, accessory dealer businesses, and
22 gasoline station businesses as classified by the department of
23 treasury remaining after the allocations and distributions are
24 made pursuant to subsections (2) and (3), the following amounts
25 shall be deposited each year into the respective funds:

26 (a) Not less than 27.9% to the comprehensive transportation
27 fund. However, for the fiscal year ending September 30, 1991

1 only, the amount to be deposited in the comprehensive
2 transportation fund shall be reduced by \$1,500,000.00.

3 (b) The balance to the state general fund.

4 (5) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995 AND EACH
5 FISCAL YEAR ENDING AFTER SEPTEMBER 30, 1995, THE 25% OF THE COL-
6 LECTIONS OF THE GENERAL SALES TAX IMPOSED AT A RATE OF 4%
7 DIRECTLY OR INDIRECTLY ON FUELS SOLD TO PROPEL AIRCRAFT, ON THE
8 SALE OF NEW AIRCRAFT, AND ON THE SALE OF USED AIRCRAFT REMAINING
9 AFTER THE ALLOCATIONS AND DISTRIBUTIONS ARE MADE PURSUANT TO SUB-
10 SECTIONS (2) AND (3) SHALL BE DEPOSITED EACH YEAR INTO THE AERO-
11 NAUTICS FUND CREATED IN SECTION 34 OF THE AERONAUTICS CODE OF THE
12 STATE OF MICHIGAN, ACT NO. 327 OF THE PUBLIC ACTS OF 1945, BEING
13 SECTION 259.34 OF THE MICHIGAN COMPILED LAWS, AND SHALL BE USED
14 FOR AIRPORT CAPITAL IMPROVEMENTS INCLUDING, BUT NOT LIMITED TO,
15 THE FOLLOWING CATEGORIES:

16 (A) SAFETY.

17 (B) ENVIRONMENTAL PRESERVATION.

18 (C) INFRASTRUCTURE.

19 (D) ECONOMIC DEVELOPMENT.

20 (6) ~~(5)~~ After the allocations and distributions are made
21 pursuant to subsections (2) and (3), an amount equal to the col-
22 lections of the tax imposed at a rate of 4% by this act from the
23 sale at retail of computer software as defined in section 1 shall
24 be deposited in the Michigan health initiative fund created in
25 section 5911 of the public health code, Act No. 368 of the Public
26 Acts of 1978, being section 333.5911 of the Michigan Compiled
27 Laws and shall be considered in addition to, and is not intended

1 as a replacement for any other money appropriated to the
2 department of public health. The funds deposited in the Michigan
3 health initiative fund on an annual basis shall not be less than
4 \$9,000,000.00 or more than \$12,000,000.00.

5 (7) ~~(6)~~ The balance in the state general fund shall be
6 disbursed only on an appropriation or appropriations by the
7 legislature.