

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5213**

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending sections 2, 3a, 4, and 10 (MCL 205.92, 205.93a,  
205.94, and 205.100), section 2 as amended by 1995 PA 208, sec-  
tion 3a as amended by 1993 PA 326, section 4 as amended by 1997  
PA 194, and section 10 as amended by 1993 PA 263.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. As used in this act:

2       (a) "Person" means an individual, firm, partnership, joint  
3 venture, association, social club, fraternal organization, munic-  
4 ipal or private corporation whether or not organized for profit,  
5 company, estate, trust, receiver, trustee, syndicate, the United  
6 States, this state, county, or any other group or combination  
7 acting as a unit, and the plural as well as the singular number,

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1 unless the intention to give a more limited meaning is disclosed  
2 by the context.

3       (b) "Use" means the exercise of a right or power over tangi-  
4 ble personal property incident to the ownership of that property  
5 including transfer of the property in a transaction where posses-  
6 sion is given.

7       (c) "Storage" means a keeping or retention of property in  
8 this state for any purpose after the property loses its inter-  
9 state character.

10       (d) "Seller" means the person from whom a purchase is made  
11 and includes every person selling tangible personal property or  
12 services for storage, use, or other consumption in this state.  
13 If, in the opinion of the department, it is necessary for the  
14 efficient administration of this act to regard a salesperson,  
15 representative, peddler, or canvasser as the agent of a dealer,  
16 distributor, supervisor, or employer under whom the person oper-  
17 ates or from whom he or she obtains tangible personal property or  
18 services sold by him or her for storage, use, or other consump-  
19 tion in this state, irrespective of whether or not he or she is  
20 making the sales on his or her own behalf or on behalf of the  
21 dealer, distributor, supervisor, or employer, the department may  
22 so consider him or her, and may consider the dealer, distributor,  
23 supervisor, or employer as the seller for the purpose of this  
24 act.

25       (e) "Purchase" means to acquire for a consideration, whether  
26 the acquisition is effected by a transfer of title, of  
27 possession, or of both, or a license to use or consume; whether

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1 the transfer is absolute or conditional, and by whatever means  
2 the transfer is effected; and whether consideration is a price or  
3 rental in money, or by way of exchange or barter.

4 (f) "Price" means the aggregate value in money of anything  
5 paid or delivered, or promised to be paid or delivered, by a con-  
6 sumer to a seller in the consummation and complete performance of  
7 the transaction by which tangible personal property or services  
8 are purchased or rented for storage, use, or other consumption in  
9 this state, without a deduction for the cost of the property  
10 sold, cost of materials used, labor or service cost, interest or  
11 discount paid, or any other expense. The price of tangible per-  
12 sonal property, for affixation to real estate, withdrawn by a  
13 construction contractor from inventory available for sale to  
14 others or made available by publication or price list as a fin-  
15 ished product for sale to others is the finished goods inventory  
16 value of the property. If a construction contractor manufac-  
17 tures, fabricates, or assembles tangible personal property before  
18 affixing it to real estate, the price of the property is equal to  
19 the sum of the materials cost of the property and the cost of  
20 labor to manufacture, fabricate, or assemble the property but  
21 does not include the cost of labor to cut, bend, assemble, or  
22 attach property at the site of affixation to real estate. For  
23 the purposes of the preceding sentence, for property withdrawn by  
24 a construction contractor from inventory available for sale to  
25 others or made available by publication or price list as a fin-  
26 ished product for sale to others, the materials cost of the  
27 property means the finished goods inventory value of the

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1 property. For purposes of this subdivision, "manufacture" means  
2 to convert or condition tangible personal property by changing  
3 the form, composition, quality, combination, or character of the  
4 property and "fabricate" means to modify or prepare tangible per-  
5 sonal property for affixation or assembly. The price of a motor  
6 vehicle, trailer coach, or titled watercraft is the full retail  
7 price of the motor vehicle, trailer coach, or titled watercraft  
8 being purchased. The tax collected by the seller from the con-  
9 sumer or lessee under this act is not considered part of the  
10 price, but is a tax collection for the benefit of the state, and  
11 a person other than the state shall not derive a benefit from the  
12 collection or payment of this tax. A price does not include an  
13 assessment imposed under the convention and tourism marketing  
14 act, ~~Act No. 383 of the Public Acts of 1980, being sections~~  
15 ~~141.881 to 141.889 of the Michigan Compiled Laws, Act No. 263 of~~  
16 ~~the Public Acts of 1974, being sections 141.861 to 141.867 of the~~  
17 ~~Michigan Compiled Laws~~ 1980 PA 383, MCL 141.881 TO 141.889, 1974  
18 PA 263, MCL 141.861 TO 141.867, the state convention facility  
19 development act, ~~Act No. 106 of the Public Acts of 1985, being~~  
20 ~~sections 207.621 to 207.640 of the Michigan Compiled Laws~~ 1985  
21 PA 106, MCL 207.621 TO 207.640, the regional tourism marketing  
22 act, ~~Act No. 244 of the Public Acts of 1989, being~~  
23 ~~sections 141.891 to 141.900 of the Michigan Compiled Laws, Act~~  
24 ~~No. 180 of the Public Acts of 1991, being sections 207.751 to~~  
25 ~~207.759 of the Michigan Compiled Laws~~ 1989 PA 244, MCL 141.891  
26 TO 141.900, 1991 PA 180, MCL 207.751 TO 207.759, or the community  
27 convention or tourism marketing act, ~~Act No. 395 of the Public~~

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~~1 Acts of 1980, being sections 141.871 to 141.880 of the Michigan~~  
~~2 Compiled Laws—~~ 1980 PA 395, MCL 141.871 TO 141.880, that was  
3 added to charges for rooms or lodging otherwise subject, pursuant  
4 to section 3a, to tax under this act. Price does not include  
5 specific charges for technical support or for adapting or modify-  
6 ing prewritten, standard, or canned computer software programs to  
7 a purchaser's needs or equipment if the charges are separately  
8 stated and identified. The tax imposed under this act shall not  
9 be computed or collected on rental receipts if the tangible per-  
10 sonal property rented or leased has previously been subjected to  
11 a Michigan sales or use tax when purchased by the lessor.

12 (g) "Consumer" means the person who has purchased tangible  
13 personal property or services for storage, use, or other consump-  
14 tion in this state and includes a person acquiring tangible per-  
15 sonal property if engaged in the business of constructing, alter-  
16 ing, repairing, or improving the real estate of others.

17 (h) "Business" means all activities engaged in by a person  
18 or caused to be engaged in by a person with the object of gain,  
19 benefit, or advantage, either direct or indirect.

20 (i) "Department" means the revenue division of the depart-  
21 ment of treasury.

22 (j) "Tax" includes all taxes, interest, or penalties levied  
23 under this act.

24 (k) "Tangible personal property" includes computer software  
25 offered for general use by the public or software modified or  
26 adapted to the user's needs or equipment by the seller, only if  
27 the software is available from a seller of software on an as is

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1 basis or as an end product without modification or adaptation.  
2 Tangible personal property does not include computer software  
3 originally designed for the exclusive use and special needs of  
4 the purchaser. As used in this subdivision, "computer software"  
5 means a set of statements or instructions that when incorporated  
6 in a machine usable medium is capable of causing a machine or  
7 device having information processing capabilities to indicate,  
8 perform, or achieve a particular function, task, or result.

9 (1) "Tangible personal property" does not include a commer-  
10 cial advertising element if the commercial advertising element is  
11 used to create or develop a print, radio, television, or other  
12 advertisement, the commercial advertising element is discarded or  
13 returned to the provider after the advertising message is com-  
14 pleted, and the commercial advertising element is custom devel-  
15 oped by the provider for the purchaser. As used in this subdivi-  
16 sion, "commercial advertising element" means a negative or posi-  
17 tive photographic image, an audiotape or videotape master, a  
18 layout, a manuscript, writing of copy, a design, artwork, an  
19 illustration, retouching, and mechanical or keyline  
20 instructions. "Tangible personal property" includes black and  
21 white or full color process separation elements, an audiotape  
22 reproduction, or a videotape reproduction.

23 (M) "TEXTILES" MEANS GOODS THAT ARE MADE OF OR INCORPORATE  
24 WOVEN OR NONWOVEN FABRIC, INCLUDING, BUT NOT LIMITED TO, CLOTH-  
25 ING, SHOES, HATS, GLOVES, HANDKERCHIEFS, CURTAINS, TOWELS,  
26 SHEETS, PILLOWS, PILLOWCASES, TABLECLOTHS, NAPKINS, APRONS,  
27 LINENS, FLOOR MOPS, FLOOR MATS, AND THREAD. TEXTILES ALSO

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1 INCLUDE MATERIALS USED TO REPAIR OR CONSTRUCT TEXTILES, OR OTHER  
2 GOODS USED IN THE RENTAL, SALE, OR CLEANING OF TEXTILES.

3       Sec. 3a. The use or consumption of the following services  
4 is taxed under this act in the same manner as tangible personal  
5 property is taxed under this act:

6       (a) Intrastate telephone, telegraph, leased wire, and other  
7 similar communications, including local telephone exchange and  
8 long distance telephone service that both originates and termi-  
9 nates in Michigan, and telegraph, private line, and teletype-  
10 writer service between places in Michigan, but excluding tele-  
11 phone service by coin-operated installations, switchboards,  
12 concentrator-identifiers, interoffice circuitry and their acces-  
13 sories for telephone answering service, and directory advertising  
14 proceeds.

15       (b) Rooms or lodging furnished by hotelkeepers, motel opera-  
16 tors, and other persons furnishing accommodations that are avail-  
17 able to the public on the basis of a commercial and business  
18 enterprise, irrespective of whether or not membership is required  
19 for use of the accommodations, except rooms and lodging rented  
20 for a continuous period of more than 1 month. As used in this  
21 act, "hotel" or "motel" means a building or group of buildings in  
22 which the public may obtain accommodations for a consideration,  
23 including, without limitation, such establishments as inns,  
24 motels, tourist homes, tourist houses or courts, lodging houses,  
25 rooming houses, nudist camps, apartment hotels, resort lodges and  
26 cabins, camps operated by other than nonprofit organizations but  
27 not including those licensed under ~~Act No. 116 of the Public~~

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~~1 Acts of 1973, being sections 722.111 to 722.128 of the Michigan~~  
~~2 Compiled Laws—~~ 1973 PA 116, MCL 722.111 TO 722.128, and any other  
3 building or group of buildings in which accommodations are avail-  
4 able to the public, except accommodations rented for a continuous  
5 period of more than 1 month and accommodations furnished by hos-  
6 pitals or nursing homes.

7       (c) Interstate telephone communications that either origi-  
8 nate or terminate in this state and for which the charge for the  
9 service is billed to a Michigan service address or phone number  
10 by the provider either within or outside this state including  
11 calls between this state and any place within or without the  
12 United States of America outside of this state. However, if the  
13 tax under this act is levied at a rate of 6%, this subdivision  
14 does not apply to a wide area telecommunication service or a sim-  
15 ilar type service, an 800 prefix service or similar type service,  
16 an interstate private network and related usage charges, or an  
17 international call either inbound or outbound.

18       (D) AFTER DECEMBER 31, 1998, THE LAUNDERING OR CLEANING OF  
19 TEXTILES UNDER A SALE, RENTAL, OR SERVICE AGREEMENT WITH A TERM  
20 OF AT LEAST 5 DAYS. THIS SUBDIVISION DOES NOT APPLY TO THE LAUN-  
21 DERING OR CLEANING OF TEXTILES USED BY A RESTAURANT OR RETAIL  
22 SALES BUSINESS. AS USED IN THIS SUBDIVISION, "RESTAURANT" MEANS  
23 A FOOD SERVICE ESTABLISHMENT DEFINED AND LICENSED UNDER THE  
24 PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.1101 TO 333.25211.

25       Sec. 4. The tax levied does not apply to the following:

26       (a) Property sold in this state on which transaction a tax  
27 is paid under the general sales tax act, 1933 PA 167, MCL 205.51



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1 to 205.78, if the tax was due and paid on the retail sale to a  
2 consumer.

3 (b) Property, the storage, use, or other consumption of  
4 which this state is prohibited from taxing under the constitution  
5 or laws of the United States, or under the constitution of this  
6 state.

7 (c) Property purchased for resale, demonstration purposes,  
8 or lending or leasing to a public or parochial school offering a  
9 course in automobile driving except that a vehicle purchased by  
10 the school shall be certified for driving education and shall not  
11 be reassigned for personal use by the school's administrative  
12 personnel. For a dealer selling a new car or truck, exemption  
13 for demonstration purposes shall be determined by the number of  
14 new cars and trucks sold during the current calendar year or the  
15 immediately preceding year without regard to specific make or  
16 style according to the following schedule of 0 to 25, 2 units; 26  
17 to 100, 7 units; 101 to 500, 20 units; 501 or more, 25 units; but  
18 not to exceed 25 cars and trucks in 1 calendar year for demon-  
19 stration purposes. Property purchased for resale includes promo-  
20 tional merchandise transferred pursuant to a redemption offer to  
21 a person located outside this state or any packaging material,  
22 other than promotional merchandise, acquired for use in fulfill-  
23 ing a redemption offer or rebate to a person located outside this  
24 state.

25 (d) Property that is brought into this state by a nonresi-  
26 dent person for storage, use, or consumption while temporarily  
27 within this state, except if the property is used in this state

1 in a nontransitory business activity for a period exceeding 15  
2 days.

3       (e) Property the sale or use of which was already subjected  
4 to a sales tax or use tax equal to, or in excess of, that imposed  
5 by this act under the law of any other state or a local govern-  
6 mental unit within a state if the tax was due and paid on the  
7 retail sale to the consumer and the state or local governmental  
8 unit within a state in which the tax was imposed accords like or  
9 complete exemption on property the sale or use of which was sub-  
10 jected to the sales or use tax of this state. If the sale or use  
11 of property was already subjected to a tax under the law of any  
12 other state or local governmental unit within a state in an  
13 amount less than the tax imposed by this act, this act shall  
14 apply, but at a rate measured by the difference between the rate  
15 provided in this act and the rate by which the previous tax was  
16 computed.

17       (f) Property sold to a person engaged in a business enter-  
18 prise and using and consuming the property in the tilling, plant-  
19 ing, caring for, or harvesting of the things of the soil or in  
20 the breeding, raising, or caring for livestock, poultry, or  
21 horticultural products, including transfers of livestock, poul-  
22 try, or horticultural products for further growth. At the time  
23 of the transfer of that tangible personal property, the trans-  
24 feree shall sign a statement, in a form approved by the depart-  
25 ment, stating that the property is to be used or consumed in con-  
26 nection with the production of horticultural or agricultural  
27 products as a business enterprise. The statement shall be

1 accepted by the courts as prima facie evidence of the exemption.  
2 This exemption includes agricultural land tile, which means fired  
3 clay or perforated plastic tubing used as part of a subsurface  
4 drainage system for land used in the production of agricultural  
5 products as a business enterprise and includes a portable grain  
6 bin, which means a structure that is used or is to be used to  
7 shelter grain and that is designed to be disassembled without  
8 significant damage to its component parts. This exemption does  
9 not include transfers of food, fuel, clothing, or similar tangi-  
10 ble personal property for personal living or human consumption.  
11 This exemption does not include tangible personal property per-  
12 manently affixed and becoming a structural part of real estate.

13 (g) Property sold to the following:

14 (i) An industrial processor for use or consumption in indus-  
15 trial processing. Property used or consumed in industrial pro-  
16 cessing does not include tangible personal property permanently  
17 affixed and becoming a structural part of real estate; office  
18 furniture, office supplies, and administrative office equipment;  
19 or vehicles licensed and titled for use on public highways other  
20 than a specially designed vehicle, together with parts, used to  
21 mix and agitate materials added at a plant or jobsite in the con-  
22 crete manufacturing process. Industrial processing does not  
23 include receipt and storage of raw materials purchased or  
24 extracted by the user or consumer, or the preparation of food and  
25 beverages by a retailer for retail sale. As used in this subdi-  
26 vision, "industrial processor" means a person who transforms,  
27 alters, or modifies tangible personal property by changing the

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1 form, composition, or character of the property for ultimate sale  
2 at retail or sale to another industrial processor to be further  
3 processed for ultimate sale at retail. Sales to a person per-  
4 forming a service who does not act as an industrial processor  
5 while performing the service may not be excluded under this sub-  
6 division, except as provided in subparagraph (ii).

7       (ii) A person, whether or not the person is an industrial  
8 processor, when the property is a computer used in operating  
9 industrial processing equipment; equipment used in a computer  
10 assisted manufacturing system; equipment used in a computer  
11 assisted design or engineering system integral to an industrial  
12 process; or a subunit or electronic assembly comprising a compo-  
13 nent in a computer integrated industrial processing system.

14       (h) Property or services sold to the United States, an unin-  
15 corporated agency or instrumentality of the United States, an  
16 incorporated agency or instrumentality of the United States  
17 wholly owned by the United States or by a corporation wholly  
18 owned by the United States, the American red cross and its chap-  
19 ters or branches, this state, a department or institution of this  
20 state, or a political subdivision of this state.

21       (i) Property or services sold to a school, hospital, or home  
22 for the care and maintenance of children or aged persons, oper-  
23 ated by an entity of government, a regularly organized church,  
24 religious, or fraternal organization, a veterans' organization,  
25 or a corporation incorporated under the laws of this state, if  
26 not operated for profit, and if the income or benefit from the  
27 operation does not inure, in whole or in part, to an individual

1 or private shareholder, directly or indirectly, and if the  
2 activities of the entity or agency are carried on exclusively for  
3 the benefit of the public at large and are not limited to the  
4 advantage, interests, and benefits of its members or a restricted  
5 group. The tax levied does not apply to property or services  
6 sold to a parent cooperative preschool. As used in this subdivi-  
7 sion, "parent cooperative preschool" means a nonprofit, nondis-  
8 criminatory educational institution, maintained as a community  
9 service and administered by parents of children currently  
10 enrolled in the preschool that provides an educational and devel-  
11 opmental program for children younger than compulsory school age,  
12 that provides an educational program for parents, including  
13 active participation with children in preschool activities, that  
14 is directed by qualified preschool personnel, and that is  
15 licensed by the department of consumer and industry services pur-  
16 suant to 1973 PA 116, MCL 722.111 to 722.128.

17 (j) Property or services sold to a regularly organized  
18 church or house of religious worship except the following:

19 (i) Sales in which the property is used in activities that  
20 are mainly commercial enterprises.

21 (ii) Sales of vehicles licensed for use on the public high-  
22 ways other than a passenger van or bus with a manufacturer's  
23 rated seating capacity of 10 or more that is used primarily for  
24 the transportation of persons for religious purposes.

25 (k) A vessel designed for commercial use of registered ton-  
26 nage of 500 tons or more, if produced upon special order of the  
27 purchaser, and bunker and galley fuel, provisions, supplies,

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1 maintenance, and repairs for the exclusive use of a vessel of 500  
2 tons or more engaged in interstate commerce.

3       (1) Property purchased by a person engaged in the business  
4 of constructing, altering, repairing, or improving real estate  
5 for others to the extent the property is affixed to and made a  
6 structural part of the real estate of a nonprofit hospital or a  
7 nonprofit housing entity qualified as exempt pursuant to section  
8 15a of the state housing development authority act of 1966, 1966  
9 PA 346, MCL 125.1415a. A nonprofit hospital or nonprofit housing  
10 includes only the property of a nonprofit hospital or the homes  
11 or dwelling places constructed by a nonprofit housing entity, the  
12 income or property of which does not directly or indirectly inure  
13 to the benefit of an individual, private stockholder, or other  
14 private person.

15       (m) Property purchased for use in this state where actual  
16 personal possession is obtained outside this state, the purchase  
17 price or actual value of which does not exceed \$10.00 during 1  
18 calendar month.

19       (n) A newspaper or periodical classified under federal  
20 postal laws and regulations effective September 1, 1985 as second  
21 class mail matter or as a controlled circulation publication or  
22 qualified to accept legal notices for publication in this state,  
23 as defined by law, or any other newspaper or periodical of gen-  
24 eral circulation, established at least 2 years, and published at  
25 least once a week, and a copyrighted motion picture film.

26 Tangible personal property used or consumed, and not becoming a  
27 component part of a copyrighted motion picture film, newspaper or

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1 periodical, except that portion or percentage of tangible  
2 personal property used or consumed in producing an advertising  
3 supplement that becomes a component part of a newspaper or peri-  
4 odical is subject to tax. For purposes of this subdivision, tan-  
5 gible personal property that becomes a component part of a news-  
6 paper or periodical and consequently not subject to tax, includes  
7 an advertising supplement inserted into and circulated with a  
8 newspaper or periodical that is otherwise exempt from tax under  
9 this subdivision, if the advertising supplement is delivered  
10 directly to the newspaper or periodical by a person other than  
11 the advertiser, or the advertising supplement is printed by the  
12 newspaper or periodical.

13       (o) Property purchased by persons licensed to operate a com-  
14 mercial radio or television station if the property is used in  
15 the origination or integration of the various sources of program  
16 material for commercial radio or television transmission. This  
17 subdivision does not include a vehicle licensed and titled for  
18 use on public highways or property used in the transmitting to or  
19 receiving from an artificial satellite.

20       (p) A person who is a resident of this state who purchases  
21 an automobile in another state while in the military service of  
22 the United States and who pays a sales tax in the state where the  
23 automobile is purchased.

24       (q) A vehicle for which a special registration is secured in  
25 accordance with section 226(12) of the Michigan vehicle code,  
26 1949 PA 300, MCL 257.226.

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1       (r) A hearing aid, contact lenses if prescribed for a  
2 specific disease that precludes the use of eyeglasses, or any  
3 other apparatus, device, or equipment used to replace or substi-  
4 tute for any part of the human body, or used to assist the dis-  
5 abled person to lead a reasonably normal life when the tangible  
6 personal property is purchased on a written prescription or order  
7 issued by a health professional as defined by section 4 of former  
8 1974 PA 264, or section 21005 of the public health code, 1978 PA  
9 368, MCL 333.21005, or eyeglasses prescribed or dispensed to cor-  
10 rect the person's vision by an ophthalmologist, optometrist, or  
11 optician.

12       (s) Water when delivered through water mains or in bulk  
13 tanks in quantities of not less than 500 gallons.

14       (t) The purchase of machinery and equipment for use or con-  
15 sumption in the rendition of any combination of services, the use  
16 or consumption of which is taxable under section 3a(a) or (c)  
17 except that this exemption is limited to the tangible personal  
18 property located on the premises of the subscriber and to central  
19 office equipment or wireless equipment, directly used or consumed  
20 in transmitting, receiving, or switching or the monitoring of  
21 switching of a 2-way interactive communication. As used in this  
22 subdivision, central office equipment or wireless equipment does  
23 not include distribution equipment including cable or wire  
24 facilities.

25       (u) A vehicle not for resale used by a nonprofit corporation  
26 organized exclusively to provide a community with ambulance or  
27 fire department services.



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1 (v) Tangible personal property purchased and installed as a  
2 component part of a water pollution control facility for which a  
3 tax exemption certificate is issued pursuant to part 37 (water  
4 pollution control facilities; tax exemption) of the natural  
5 resources and environmental protection act, 1994 PA 451,  
6 MCL 324.3701 to 324.3708, or an air pollution control facility  
7 for which a tax exemption certificate is issued pursuant to part  
8 59 (air pollution control facility; tax exemption) of the natural  
9 resources and environmental protection act, 1994 PA 451,  
10 MCL 324.5901 to 324.5908.

11 (w) Tangible real or personal property donated by a manufac-  
12 turer, wholesaler, or retailer to an organization or entity  
13 exempt pursuant to subdivision (i) or (j) or section 4a(a) or (b)  
14 of the general sales tax act, 1933 PA 167, MCL 205.54a.

15 (x) The storage, use, or consumption by a domestic air car-  
16 rier of an aircraft purchased after December 31, 1992 for use  
17 solely in the transport of air cargo that has a maximum certifi-  
18 cated takeoff weight of at least 12,500 pounds. For purposes of  
19 this subdivision, the term "domestic air carrier" is limited to  
20 entities engaged in the commercial transport for hire of cargo or  
21 entities engaged in the commercial transport of passengers as a  
22 business activity.

23 (y) The storage, use, or consumption by a domestic air car-  
24 rier of an aircraft purchased after June 30, 1994 that is used  
25 solely in the regularly scheduled transport of passengers. For  
26 purposes of this subdivision, the term "domestic air carrier" is  
27 limited to entities engaged in the commercial transport for hire

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1 of cargo or entities engaged in the commercial transport of  
2 passengers as a business activity.

3       (z) The storage, use, or consumption by a domestic air car-  
4 rier of an aircraft, other than an aircraft described under  
5 subdivision (y), purchased after December 31, 1994, that has a  
6 maximum certificated takeoff weight of at least 12,500 pounds and  
7 that is designed to have a maximum passenger seating configura-  
8 tion of more than 30 seats and used solely in the transport of  
9 passengers. For purposes of this subdivision, the term "domestic  
10 air carrier" is limited to entities engaged in the commercial  
11 transport for hire of cargo or entities engaged in the commercial  
12 transport of passengers as a business activity.

13       (aa) Property or services sold to a health, welfare, educa-  
14 tional, cultural arts, charitable, or benevolent organization not  
15 operated for profit that has been issued before June 13, 1994 an  
16 exemption ruling letter to purchase items exempt from tax signed  
17 by the administrator of the sales, use, and withholding taxes  
18 division of the department. The department shall reissue an  
19 exemption letter to each of those organizations after June 13,  
20 1994 that shall remain in effect unless the organization fails to  
21 meet the requirements that originally entitled it to this exemp-  
22 tion; or to an organization not operated for profit and exempt  
23 from federal income tax under section 501(c)(3) or 501(c)(4) of  
24 the internal revenue code of 1986, 26 U.S.C. 501. The exemption  
25 does not apply to sales of tangible personal property and sales  
26 of vehicles licensed for use on public highways, that are not  
27 used primarily to carry out the purposes of the organization as

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1 stated in the bylaws or articles of incorporation of the exempt  
2 organization.

3 (bb) The use or consumption of services described in  
4 section 3a(a) or (c) by means of a prepaid telephone calling  
5 card, a prepaid authorization number for telephone use, or a  
6 charge for internet access.

7 (CC) THE PURCHASE, LEASE, USE, OR CONSUMPTION OF THE FOLLOW-  
8 ING BY AN INDUSTRIAL LAUNDRY AFTER DECEMBER 31, 1997:

9 (i) TEXTILES AND DISPOSABLE PRODUCTS INCLUDING, BUT NOT  
10 LIMITED TO, SOAP, PAPER, CHEMICALS, TISSUES, DEODORIZERS AND DIS-  
11 PENSERS, AND ALL RELATED ITEMS SUCH AS PACKAGING, SUPPLIES, HANG-  
12 ERS, NAME TAGS, AND IDENTIFICATION TAGS.

13 (ii) EQUIPMENT, WHETHER OWNED OR LEASED, USED TO REPAIR AND  
14 DISPENSE TEXTILES INCLUDING, BUT NOT LIMITED TO, ROLL TOWEL CABI-  
15 NETS, SLINGS, HARDWARE, LOCKERS, MOP HANDLES AND FRAMES, AND  
16 CARTS.

17 (iii) MACHINERY, EQUIPMENT, PARTS, LUBRICANTS, AND REPAIR  
18 SERVICES USED TO CLEAN, PROCESS, AND PACKAGE TEXTILES AND RELATED  
19 ITEMS, WHETHER OWNED OR LEASED.

20 (iv) UTILITIES SUCH AS ELECTRIC, GAS, WATER, OR OIL.

21 (v) PRODUCTION WASHROOM EQUIPMENT AND MENDING AND PACKAGING  
22 SUPPLIES AND EQUIPMENT.

23 (vi) MATERIAL HANDLING EQUIPMENT INCLUDING, BUT NOT LIMITED  
24 TO, CONVEYORS, RACKS, AND ELEVATORS AND RELATED CONTROL  
25 EQUIPMENT.

26 (vii) WASTEWATER PRETREATMENT EQUIPMENT AND SUPPLIES AND  
27 RELATED MAINTENANCE AND REPAIR SERVICES.

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1       Sec. 10. (1) The tax imposed by this act shall be  
2 administered by the revenue commissioner under ~~Act No. 122 of~~  
3 ~~the Public Acts of 1941, as amended, being sections 205.1 to~~  
4 ~~205.31 of the Michigan Compiled Laws~~ 1941 PA 122, MCL 205.1 TO  
5 205.31, and this act. ~~In case of conflict between Act No. 122~~  
6 ~~of the Public Acts of 1941, as amended~~ IF 1941 PA 122, MCL 205.1  
7 TO 205.31, and this act CONFLICT, the provisions of this act  
8 apply.

9       (2) Rules shall be promulgated ~~under~~ TO IMPLEMENT this act  
10 ~~pursuant to~~ UNDER the administrative procedures act of 1969,  
11 ~~Act No. 306 of the Public Acts of 1969, as amended, being sec-~~  
12 ~~tions 24.201 to 24.328 of the Michigan Compiled Laws~~ 1969 PA  
13 306, MCL 24.201 TO 24.328.

14       (3) Claims for refund pursuant to the 1988 amendatory act  
15 amending section 2 shall be filed not later than March 31, 1989.  
16 The approved refunds shall be paid without interest. The depart-  
17 ment shall not pay refunds totaling more than \$1,000,000.00 in  
18 any 1 fiscal year, unless the single business tax act, ~~Act~~  
19 ~~No. 228 of the Public Acts of 1975, being sections 208.1 to~~  
20 ~~208.145 of the Michigan Compiled Laws~~ 1975 PA 228, MCL 208.1 TO  
21 208.145, is amended to impose a 1-year surcharge on the business  
22 activity of contract construction to recover the cost of the  
23 refunds.

24       (4) A claim for a refund pursuant to the final decision of  
25 the Michigan court of appeals in the case of GTE Sprint  
26 Communications Corp. v Michigan Department of Treasury, 179 Mich  
27 App 276, 1989, LV DEN 436 Mich 874, 1990, shall be filed not

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1 later than January 1, 1994 by a person that paid the tax under  
2 this act for interstate access telephone services for the period  
3 beginning August 1, 1988 through January 1, 1991. The approved  
4 refund shall be paid without interest. The department shall pay  
5 the refund in 12 equal installments commencing in the month that  
6 the person begins applying the refunds to the billings of its  
7 current Michigan interstate subscribers in a manner consistent  
8 with the requirements of the federal communications commission.

9 (5) A CLAIM FOR A REFUND FOR THE EXEMPTION PROVIDED BY THE  
10 1998 AMENDATORY ACT THAT ADDED SUBDIVISION (CC) TO SECTION 4  
11 SHALL BE FILED NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE DATE OF  
12 THE AMENDATORY ACT THAT ADDED THIS SUBSECTION.