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## SALES TAX EXEMPTION: COST OF LABOR IN MODULAR BUILDINGS

House Bill 4211  
Sponsor: Rep. Steve Vear  
Committee: Tax Policy

Complete to 8-9-01

### A SUMMARY OF HOUSE BILL 4211 AS INTRODUCED 2-13-01

The bill would amend the General Sales Tax Act to exempt from the sales tax the cost of labor required to manufacture a modular building that will become subject to property taxes when situated on real property. If the actual cost of materials is not available, there would be a presumption that the cost of materials equals 60 percent of the modular building manufacturer's invoice price to the modular builder.

The term "modular building" would be defined to include single and multifamily houses, apartment units, commercial buildings, and additions composed of one or more sections intended to become real property and that are primarily constructed at a location other than the permanent site at which they are to be finally assembled and that are shipped to the site with most permanent components in place. A "modular building manufacturer" refers to a person or corporation who owns or operates a manufacturing facility and is engaged in the fabrication, construction, and assembling of building supplies and materials into modular buildings at a location other than the site where the building will be assembled on the permanent foundation and who may or may not be engaged in the process of affixing the modular building to the foundation at the permanent site.

MCL 205.54d

House Bill 4211 (8-9-01)

Analyst: C. Couch

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