

**REPRINT**  
**SUBSTITUTE FOR**  
**SENATE BILL NO. 678**

(As passed the Senate November 27, 2001)

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending section 3 (MCL 205.93), as amended by 1999 PA 117.

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

1       Sec. 3. (1) There is levied upon and there shall be col-  
2 lected from every person in this state a specific tax for the  
3 privilege of using, storing, or consuming tangible personal prop-  
4 erty in this state at a rate equal to 6% of the price of the  
5 property or services specified in section 3a. Penalties and  
6 interest shall be added to the tax if applicable as provided in  
7 this act. For the purpose of the proper administration of this  
8 act and to prevent the evasion of the tax, it is presumed that  
9 tangible personal property purchased is subject to the tax if  
10 brought into the state within 90 days of the purchase date and is

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1 considered as acquired for storage, use, or other consumption in  
2 this state.

3       (2) The tax imposed by this section for the privilege of  
4 using, storing, or consuming a vehicle, ORV, mobile home, air-  
5 craft, snowmobile, or watercraft shall be collected before the  
6 transfer of the vehicle, ORV, mobile home, aircraft, snowmobile,  
7 or watercraft, except a transfer to a licensed dealer or retailer  
8 for purposes of resale that arises by reason of a transaction  
9 made by a person who does not transfer vehicles, ORVs, mobile  
10 homes, aircraft, snowmobiles, or watercraft in the ordinary  
11 course of his or her business done in this state. The tax on a  
12 vehicle, ORV, snowmobile, and watercraft shall be collected by  
13 the secretary of state before the transfer of the vehicle, ORV,  
14 snowmobile, or watercraft registration. The tax on a mobile home  
15 shall be collected by the department of consumer and industry  
16 services, mobile home commission, or its agent before the trans-  
17 fer of the certificate of title. The tax on an aircraft shall be  
18 collected by the department of treasury. Notwithstanding any  
19 limitation contained in section 2 AND EXCEPT AS PROVIDED IN THIS  
20 SUBSECTION, the price tax base of any vehicle, ORV, mobile home,  
21 aircraft, snowmobile, or watercraft subject to taxation under  
22 this act shall be not less than its retail dollar value at the  
23 time of acquisition as fixed pursuant to rules promulgated by the  
24 department. THE PRICE TAX BASE OF A NEW OR PREVIOUSLY OWNED CAR  
25 OR TRUCK HELD FOR RESALE BY A DEALER AND THAT IS NOT EXEMPT UNDER  
26 SECTION 4(1)(C) IS THE PURCHASE PRICE OF THE CAR OR TRUCK

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1 MULTIPLIED BY 2.5% PLUS \$30.00 PER MONTH BEGINNING WITH THE MONTH  
2 THAT THE DEALER USES THE CAR OR TRUCK IN A NONEXEMPT MANNER.

3 (3) The following transfers or purchases are not subject to  
4 use tax:

5 (a) A transaction or a portion of a transaction if the  
6 transferee or purchaser is the spouse, mother, father, brother,  
7 sister, child, stepparent, stepchild, stepbrother, stepsister,  
8 grandparent, grandchild, legal ward, or a legally appointed  
9 guardian with a certified letter of guardianship, of the  
10 transferor.

11 (b) A transaction or a portion of a transaction if the  
12 transfer is a gift to a beneficiary in the administration of an  
13 estate.

14 (c) If a vehicle, ORV, mobile home, aircraft, snowmobile, or  
15 watercraft that has once been subjected to the Michigan sales or  
16 use tax is transferred in connection with the organization, reor-  
17 ganization, dissolution, or partial liquidation of an incorpo-  
18 rated or unincorporated business and the beneficial ownership is  
19 not changed.

20 (d) If an insurance company licensed to conduct business in  
21 this state acquires ownership of a late model distressed vehicle  
22 as defined in section 12a of the Michigan vehicle code, 1949  
23 PA 300, MCL 257.12a, through payment of damages in response to a  
24 claim or when the person who owned the vehicle before the insur-  
25 ance company reacquires ownership from the company as part of the  
26 settlement of a claim.

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1       (4) The department may utilize the services, information, or  
2 records of any other department or agency of state government in  
3 the performance of its duties under this act, and other depart-  
4 ments or agencies of state government are required to furnish  
5 those services, information, or records upon the request of the  
6 department.