

# HOUSE BILL No. 4520

March 27, 2001, Introduced by Reps. Spade, Bernero, Adamini, Wojno, Lipsey, Dennis, Bovin, Woodward, Basham, Sheltroun, Zelenko, Gielegem, Whitmer, Plakas, Rich Brown, Lockwood and Garza and referred to the Committee on Tax Policy.

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

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, the price tax base of any  
20 vehicle, ORV, mobile home, aircraft, snowmobile, or watercraft  
21 subject to taxation under this act shall be not less than its  
22 retail dollar value at the time of acquisition as fixed pursuant  
23 to rules promulgated by the department.

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

26       (a) A transaction or a portion of a transaction if the  
27 transferee or purchaser is the spouse, mother, father, brother,

1 sister, child, stepparent, stepchild, stepbrother, stepsister,  
2 grandparent, grandchild, MOTHER-IN-LAW, FATHER-IN-LAW,  
3 SISTER-IN-LAW, BROTHER-IN-LAW, DAUGHTER-IN-LAW, SON-IN-LAW, legal  
4 ward, or a legally appointed guardian with a certified letter of  
5 guardianship, of the transferor.

6 (b) A transaction or a portion of a transaction if the  
7 transfer is a gift to a beneficiary in the administration of an  
8 estate.

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

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

22 (4) The department may utilize the services, information, or  
23 records of any other department or agency of state government in  
24 the performance of its duties under this act, and other depart-  
25 ments or agencies of state government are required to furnish  
26 those services, information, or records upon the request of the  
27 department.