

**USE TAX EXEMPTION: BUSINESS  
PROPERTY PURCHASED IN STATE**

**House Bill 5299**  
**Sponsor: Rep. Lorence Wenke**  
**Committee: Tax Policy**

**Complete to 1-15-04**

**A SUMMARY OF HOUSE BILL 5299 AS INTRODUCED 11-13-03**

The Use Tax Act provides that, with certain exceptions, the tax shall not apply to property purchased from a seller or transferor if the property is part of the purchase or transfer of a business. The act defines “purchase or transfer of a business” to mean, among other things, a situation where the purchaser or transferee acquires at least 75 percent of the seller’s or transferor’s tangible personal property at one or more of the seller’s business locations. House Bill 5299 would add a requirement that such business locations be within Michigan.

In addition, the act provides that a seller (that is, a person from whom a purchase is made and includes every person selling tangible personal property or services for storage, use, or other consumption in this state) who fails to register with the Department of Treasury is guilty of a misdemeanor and, upon conviction, is subject to a fine of \$25 for each day the seller fails to register after notification from the department about the requirement to register. The bill would increase the fine to \$30 per day.

MCL 208.94g and 208.105

**House Bill 5299 (1-15-04)**

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.