

SUBSTITUTE FOR
HOUSE BILL NO. 4219

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 3 (MCL 205.93), as amended by 2002 PA 669.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) There is levied upon and there shall be
2 collected from every person in this state a specific tax for the
3 privilege of using, storing, or consuming tangible personal
4 property in this state at a rate equal to 6% of the price of the
5 property or services specified in section 3a or 3b. Penalties
6 and interest shall be added to the tax if applicable as provided
7 in this act. For the purpose of the proper administration of
8 this act and to prevent the evasion of the tax, ~~it is presumed~~
9 ~~that~~ **all of the following shall be presumed:**

10 **(a) That** tangible personal property purchased is subject to
11 the tax if brought into ~~the~~ **this** state within 90 days of the

House Bill No. 4219 (H-1) as amended April 1, 2003

1 purchase date and is considered as acquired for storage, use, or
2 other consumption in this state. Beginning April 1, 2003, as
3 used in this subsection and section 4(1)(a), the term "price"
4 means, with respect to diesel fuel used by interstate motor
5 carriers in a qualified commercial motor vehicle, the statewide
6 average retail price of a gallon of self-serve diesel fuel as
7 determined and certified quarterly by the department, rounded
8 down to the nearest 1/10 of a cent. This use tax on diesel fuel
9 used by interstate motor carriers in a qualified commercial motor
10 vehicle shall be collected under the international fuel tax
11 agreement.

12 **(b) That tangible personal property purchased is exempt from**
13 **the tax levied under this act if brought into this state [after the**
effective date of the amendatory act that added this subdivision and]
14 **more**

15 **than 90 days after the date of purchase and is not considered as**
16 **acquired for storage, use, or other consumption in this state.**

17 (2) The tax imposed by this section for the privilege of
18 using, storing, or consuming a vehicle, ORV, manufactured
19 housing, aircraft, snowmobile, or watercraft shall be collected
20 before the transfer of the vehicle, ORV, manufactured housing,
21 aircraft, snowmobile, or watercraft, except a transfer to a
22 licensed dealer or retailer for purposes of resale that arises by
23 reason of a transaction made by a person who does not transfer
24 vehicles, ORVs, manufactured housing, aircraft, snowmobiles, or
25 watercraft in the ordinary course of his or her business done in
26 this state. The tax on a vehicle, ORV, snowmobile, and
27 watercraft shall be collected by the secretary of state before
the transfer of the vehicle, ORV, snowmobile, or watercraft

1 registration. The tax on manufactured housing shall be collected
2 by the department of consumer and industry services, mobile home
3 commission, or its agent before the transfer of the certificate
4 of title. The tax on an aircraft shall be collected by the
5 department of treasury. Notwithstanding any limitation contained
6 in section 2 and except as provided in this subsection, the price
7 tax base of any vehicle, ORV, manufactured housing, aircraft,
8 snowmobile, or watercraft subject to taxation under this act
9 shall be not less than its retail dollar value at the time of
10 acquisition as fixed pursuant to rules promulgated by the
11 department. The price tax base of a new or previously owned car
12 or truck held for resale by a dealer and that is not exempt under
13 section 4(1)(c) is the purchase price of the car or truck
14 multiplied by 2.5% plus \$30.00 per month beginning with the month
15 that the dealer uses the car or truck in a nonexempt manner.

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

18 (a) A transaction or a portion of a transaction if the
19 transferee or purchaser is the spouse, mother, father, brother,
20 sister, child, stepparent, stepchild, stepbrother, stepsister,
21 grandparent, grandchild, legal ward, or a legally appointed
22 guardian with a certified letter of guardianship, of the
23 transferor.

24 (b) A transaction or a portion of a transaction if the
25 transfer is a gift to a beneficiary in the administration of an
26 estate.

27 (c) If a vehicle, ORV, manufactured housing, aircraft,

1 snowmobile, or watercraft that has once been subjected to the
2 Michigan sales or use tax is transferred in connection with the
3 organization, reorganization, dissolution, or partial liquidation
4 of an incorporated or unincorporated business and the beneficial
5 ownership is not changed.

6 (d) If an insurance company licensed to conduct business in
7 this state acquires ownership of a late model distressed vehicle
8 as defined in section 12a of the Michigan vehicle code, 1949
9 PA 300, MCL 257.12a, through payment of damages in response to a
10 claim or when the person who owned the vehicle before the
11 insurance company reacquires ownership from the company as part
12 of the settlement of a claim.

13 (4) The department may utilize the services, information, or
14 records of any other department or agency of state government in
15 the performance of its duties under this act, and other
16 departments or agencies of state government are required to
17 furnish those services, information, or records upon the request
18 of the department.