

SENATE 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 as amended June 3, 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 used solely for personal,
13 nonbusiness purposes that is purchased outside of this state <<and that
14 is not an aircraft>> is
15 exempt from the tax levied under this act if 1 or more of the
16 following conditions are satisfied:

16 (i) The property is purchased by a person who is not a
17 resident of this state at the time of purchase and is brought
18 into this state more than 90 days after the date of purchase.

19 (ii) The property is purchased by a person who is a resident
20 of this state at the time of purchase and is brought into this
21 state more than 360 days after the date of purchase.

22 (2) The tax imposed by this section for the privilege of
23 using, storing, or consuming a vehicle, ORV, manufactured
24 housing, aircraft, snowmobile, or watercraft shall be collected
25 before the transfer of the vehicle, ORV, manufactured housing,
26 aircraft, snowmobile, or watercraft, except a transfer to a
27 licensed dealer or retailer for purposes of resale that arises by

Senate Bill No. 4219 as amended June 3, 2003

1 reason of a transaction made by a person who does not transfer
2 vehicles, ORVs, manufactured housing, aircraft, snowmobiles, or
3 watercraft in the ordinary course of his or her business done in
4 this state. The tax on a vehicle, ORV, snowmobile, and
5 watercraft shall be collected by the secretary of state before
6 the transfer of the vehicle, ORV, snowmobile, or watercraft
7 registration. The tax on manufactured housing shall be collected
8 by the department of consumer and industry services, mobile home
9 commission, or its agent before the transfer of the certificate
10 of title. The tax on an aircraft shall be collected by the
11 department of treasury. Notwithstanding any limitation contained
12 in section 2 and except as provided in this subsection, the price
13 tax base of any vehicle, ORV, manufactured housing, aircraft,
14 snowmobile, or watercraft subject to taxation under this act
15 shall be not less than its retail dollar value at the time of
16 acquisition as fixed pursuant to rules promulgated by the
17 department. << However, the price tax base of an aircraft that would
otherwise qualify for the presumption under subsection (1)(b) if it were
other tangible personal property shall be its retail value at the time it
becomes taxable in this state.>> The price tax base of a new or
previously owned car
18 or truck held for resale by a dealer and that is not exempt under
19 section 4(1)(c) is the purchase price of the car or truck
20 multiplied by 2.5% plus \$30.00 per month beginning with the month
21 that the dealer uses the car or truck in a nonexempt manner.

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

24 (a) A transaction or a portion of a transaction if the
25 transferee or purchaser is the spouse, mother, father, brother,
26 sister, child, stepparent, stepchild, stepbrother, stepsister,
27 grandparent, grandchild, legal ward, or a legally appointed

1 guardian with a certified letter of guardianship, of the
2 transferor.

3 (b) A transaction or a portion of a transaction if the
4 transfer is a gift to a beneficiary in the administration of an
5 estate.

6 (c) If a vehicle, ORV, manufactured housing, aircraft,
7 snowmobile, or watercraft that has once been subjected to the
8 Michigan sales or use tax is transferred in connection with the
9 organization, reorganization, dissolution, or partial liquidation
10 of an incorporated or unincorporated business and the beneficial
11 ownership is not changed.

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

19 (4) The department may utilize the services, information, or
20 records of any other department or agency of state government in
21 the performance of its duties under this act, and other
22 departments or agencies of state government are required to
23 furnish those services, information, or records upon the request
24 of the department.