

HOUSE BILL No. 4219

February 13, 2003, Introduced by Rep. Woronchak 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 2002 PA 511.

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

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

3 **(b) That tangible personal property purchased is exempt from**
4 **the tax levied under this act if brought into this state more**
5 **than 90 days after the date of purchase and is not considered as**
6 **acquired for storage, use, or other consumption in this state.**

7 (2) The tax imposed by this section for the privilege of
8 using, storing, or consuming a vehicle, ORV, manufactured
9 housing, aircraft, snowmobile, or watercraft shall be collected
10 before the transfer of the vehicle, ORV, manufactured housing,
11 aircraft, snowmobile, or watercraft, except a transfer to a
12 licensed dealer or retailer for purposes of resale that arises by
13 reason of a transaction made by a person who does not transfer
14 vehicles, ORVs, manufactured housing, aircraft, snowmobiles, or
15 watercraft in the ordinary course of his or her business done in
16 this state. The tax on a vehicle, ORV, snowmobile, and
17 watercraft shall be collected by the secretary of state before
18 the transfer of the vehicle, ORV, snowmobile, or watercraft
19 registration. The tax on manufactured housing shall be collected
20 by the department of consumer and industry services, mobile home
21 commission, or its agent before the transfer of the certificate
22 of title. The tax on an aircraft shall be collected by the
23 department of treasury. Notwithstanding any limitation contained
24 in section 2 and except as provided in this subsection, the price
25 tax base of any vehicle, ORV, manufactured housing, aircraft,
26 snowmobile, or watercraft subject to taxation under this act
27 shall be not less than its retail dollar value at the time of

1 acquisition as fixed pursuant to rules promulgated by the
2 department. The price tax base of a new or previously owned car
3 or truck held for resale by a dealer and that is not exempt under
4 section 4(1)(c) is the purchase price of the car or truck
5 multiplied by 2.5% plus \$30.00 per month beginning with the month
6 that the dealer uses the car or truck in a nonexempt manner.

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

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

15 (b) A transaction or a portion of a transaction if the
16 transfer is a gift to a beneficiary in the administration of an
17 estate.

18 (c) If a vehicle, ORV, manufactured housing, aircraft,
19 snowmobile, or watercraft that has once been subjected to the
20 Michigan sales or use tax is transferred in connection with the
21 organization, reorganization, dissolution, or partial liquidation
22 of an incorporated or unincorporated business and the beneficial
23 ownership is not changed.

24 (d) If an insurance company licensed to conduct business in
25 this state acquires ownership of a late model distressed vehicle
26 as defined in section 12a of the Michigan vehicle code, 1949
27 PA 300, MCL 257.12a, through payment of damages in response to a

1 claim or when the person who owned the vehicle before the
2 insurance company reacquires ownership from the company as part
3 of the settlement of a claim.

4 (4) The department may utilize the services, information, or
5 records of any other department or agency of state government in
6 the performance of its duties under this act, and other
7 departments or agencies of state government are required to
8 furnish those services, information, or records upon the request
9 of the department.