

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4980

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4a (MCL 205.54a), as amended by 2004 PA 173.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 4a. (1) Subject to subsection (2), the following are  
2 exempt from the tax under this act:

3           (a) A sale of tangible personal property not for resale to a  
4 nonprofit school, nonprofit hospital, or nonprofit home for the  
5 care and maintenance of children or aged persons operated by an  
6 entity of government, a regularly organized church, religious —  
7 or fraternal organization, a veterans' organization, or a  
8 corporation incorporated under the laws of this state, if the  
9 income or benefit from the operation does not inure, in whole or in  
10 part, to an individual or private shareholder, directly or

1 indirectly, and if the activities of the entity or agency are  
2 carried on exclusively for the benefit of the public at large and  
3 are not limited to the advantage, interests, and benefits of its  
4 members or any restricted group. A sale of tangible personal  
5 property to a parent cooperative preschool is exempt from taxation  
6 under this act. As used in this subdivision, "parent cooperative  
7 preschool" means a nonprofit, nondiscriminatory educational  
8 institution, maintained as a community service and administered by  
9 parents of children currently enrolled in the preschool, that  
10 provides an educational and developmental program for children  
11 younger than compulsory school age, that provides an educational  
12 program for parents, including active participation with children  
13 in preschool activities, that is directed by qualified preschool  
14 personnel, and that is licensed ~~by the department of consumer and~~  
15 ~~industry services~~ pursuant to 1973 PA 116, MCL 722.111 to 722.128.

16 (b) A sale of tangible personal property not for resale to a  
17 regularly organized church or house of religious worship, except  
18 the following:

19 (i) Sales in activities that are mainly commercial enterprises.

20 (ii) Sales of vehicles licensed for use on public highways  
21 other than a passenger van or bus with a manufacturer's rated  
22 seating capacity of 10 or more that is used primarily for the  
23 transportation of persons for religious purposes.

24 (c) The sale of food to bona fide enrolled students by a  
25 school or other educational institution not operated for profit.

26 (d) The sale of a vessel designated for commercial use of  
27 registered tonnage of 500 tons or more, if produced upon special

1 order of the purchaser, and bunker and galley fuel, provisions,  
2 supplies, maintenance, and repairs for the exclusive use of the  
3 vessel engaged in interstate commerce.

4 (e) A sale of tangible personal property to persons engaged in  
5 a business enterprise and using or consuming the tangible personal  
6 property in the tilling, planting, caring for, or harvesting of the  
7 things of the soil; in the breeding, raising, or caring for  
8 livestock, poultry, or horticultural products, including transfers  
9 of livestock, poultry, or horticultural products for further  
10 growth; or in the direct gathering of fish, by net, line, or  
11 otherwise only by an owner-operator of the business enterprise, not  
12 including a charter fishing business enterprise. This exemption  
13 includes agricultural land tile, which means fired clay or  
14 perforated plastic tubing used as part of a subsurface drainage  
15 system for land, and subsurface irrigation pipe, if the land tile  
16 or irrigation pipe is used in the production of agricultural  
17 products as a business enterprise. This exemption includes a  
18 portable grain bin, which means a structure that is used or is to  
19 be used to shelter grain and that is designed to be disassembled  
20 without significant damage to its component parts. This exemption  
21 also includes grain drying equipment and natural or propane gas  
22 used to fuel that equipment for agricultural purposes. This  
23 exemption does not include transfers of food, fuel, clothing, or  
24 any similar tangible personal property for personal living or human  
25 consumption. This exemption does not include tangible personal  
26 property permanently affixed and becoming a structural part of real  
27 estate.

1 (f) The sale of a copyrighted motion picture film or a  
2 newspaper or periodical admitted under federal postal laws and  
3 regulations effective September 1, 1985 as second-class mail matter  
4 or as a controlled circulation publication or qualified to accept  
5 legal notices for publication in this state, as defined by law, or  
6 any other newspaper or periodical of general circulation,  
7 established not less than 2 years, and published not less than once  
8 a week. Tangible personal property used or consumed in producing a  
9 copyrighted motion picture film, a newspaper published more than 14  
10 times per year, or a periodical published more than 14 times per  
11 year, and not becoming a component part of that film, newspaper, or  
12 periodical is subject to the tax. Tangible personal property used  
13 or consumed in producing a newspaper published 14 times or less per  
14 year or a periodical published 14 times or less per year and that  
15 portion or percentage of tangible personal property used or  
16 consumed in producing an advertising supplement that becomes a  
17 component part of a newspaper or periodical is exempt from the tax  
18 under this subdivision. A claim for a refund for taxes paid before  
19 January 1, 1999, under this subdivision shall be made before June  
20 30, 1999. For purposes of this subdivision, tangible personal  
21 property that becomes a component part of a newspaper or periodical  
22 and consequently not subject to tax includes an advertising  
23 supplement inserted into and circulated with a newspaper or  
24 periodical that is otherwise exempt from tax under this  
25 subdivision, if the advertising supplement is delivered directly to  
26 the newspaper or periodical by a person other than the advertiser,  
27 or the advertising supplement is printed by the newspaper or

1 periodical.

2 (g) A sale of tangible personal property to persons licensed  
3 to operate commercial radio or television stations if the property  
4 is used in the origination or integration of the various sources of  
5 program material for commercial radio or television transmission.  
6 This subdivision does not include a vehicle licensed and titled for  
7 use on public highways or property used in the transmission to or  
8 receiving from an artificial satellite.

9 (h) The sale of a prosthetic device, durable medical  
10 equipment, or mobility enhancing equipment.

11 (i) The sale of a vehicle not for resale to a Michigan  
12 nonprofit corporation organized exclusively to provide a community  
13 with ambulance or fire department services.

14 (j) ~~A~~ **BEFORE JANUARY 1, 2006, A** sale of tangible personal  
15 property to inmates in a penal or correctional institution  
16 purchased with scrip or its equivalent issued and redeemed by the  
17 institution.

18 (k) A sale of textbooks sold by a public or nonpublic school  
19 to or for the use of students enrolled in any part of a  
20 kindergarten through twelfth grade program.

21 (l) A sale of tangible personal property installed as a  
22 component part of a water pollution control facility for which a  
23 tax exemption certificate is issued pursuant to part 37 of the  
24 natural resources and environmental protection act, 1994 PA 451,  
25 MCL 324.3701 to 324.3708, or an air pollution control facility for  
26 which a tax exemption certificate is issued pursuant to part 59 of  
27 the natural resources and environmental protection act, 1994 PA

1 451, MCL 324.5901 to 324.5908.

2 (m) The sale or lease of the following to an industrial  
3 laundry after December 31, 1997:

4 (i) Textiles and disposable products including, but not limited  
5 to, soap, paper, chemicals, tissues, deodorizers and dispensers,  
6 and all related items such as packaging, supplies, hangers, name  
7 tags, and identification tags.

8 (ii) Equipment, whether owned or leased, used to repair and  
9 dispense textiles including, but not limited to, roll towel  
10 cabinets, slings, hardware, lockers, mop handles and frames, and  
11 carts.

12 (iii) Machinery, equipment, parts, lubricants, and repair  
13 services used to clean, process, and package textiles and related  
14 items, whether owned or leased.

15 (iv) Utilities such as electric, gas, water, or oil.

16 (v) Production washroom equipment and mending and packaging  
17 supplies and equipment.

18 (vi) Material handling equipment including, but not limited to,  
19 conveyors, racks, and elevators and related control equipment.

20 (vii) Wastewater pretreatment equipment and supplies and  
21 related maintenance and repair services.

22 (n) A sale of tangible personal property to a person holding a  
23 direct payment permit under section 8 of the use tax act, 1937 PA  
24 94, MCL 205.98.

25 (2) The tangible personal property under subsection (1) is  
26 exempt only to the extent that that property is used for the exempt  
27 purpose if one is stated in subsection (1). The exemption is

House Bill No. 4980 (H-4) as amended November 10, 2005

1 limited to the percentage of exempt use to total use determined by  
2 a reasonable formula or method approved by the department.

3 Enacting section 1. This amendatory act does not take effect  
4 unless all of the following bills of the 93rd Legislature are  
5 enacted into law:

6 (a) House Bill No. 4342.

7 (b) House Bill No. 4972.

8 (c) House Bill No. 4973.

9 (d) House Bill No. 5095.

10 (e) House Bill No. 5096.

11 (f) House Bill No. 5097.

12 (g) House Bill No. 5098.

13 (h) House Bill No. 5106.

14 (i) House Bill No. 5107.

15 (j) House Bill No. 5108.

16 (k) Senate Bill No. 633.

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