

HOUSE BILL No. 6090

May 18, 2006, Introduced by Reps. Steil, Kooiman, Jones, Gosselin, Vander Veen, LaJoy, Moolenaar, Booher, Green, Hansen, Huizenga and Marleau and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 1a (MCL 205.51a), as added by 2004 PA 173.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1a. As used in this act:

2 (a) "Alcoholic beverage" means a beverage suitable for human
3 consumption that contains 1/2 of 1% or more of alcohol by volume.

4 (b) "Computer" means an electronic device that accepts
5 information in digital or similar form and manipulates it for a
6 result based on a sequence of instructions.

7 (c) "Computer software" means a set of coded instructions
8 designed to cause a computer or automatic data processing equipment
9 to perform a task.

10 (d) "Delivered electronically" means delivered from the seller

1 to the purchaser by means other than tangible storage media.

2 (e) "Delivery charges" means charges by the seller for
3 preparation and delivery to a location designated by the purchaser
4 of tangible personal property or services. Delivery charges
5 include, but are not limited to, transportation, shipping, postage,
6 handling, crating, and packing. **BEGINNING SEPTEMBER 1, 2004,**
7 **DELIVERY CHARGES DO NOT INCLUDE THE CHARGES FOR DELIVERY OF DIRECT**
8 **MAIL IF THE CHARGES ARE SEPARATELY STATED ON AN INVOICE OR SIMILAR**
9 **BILLING DOCUMENT GIVEN TO THE PURCHASER.**

10 (f) "Dietary supplement" means any product, other than
11 tobacco, intended to supplement the diet that is all of the
12 following:

13 (i) Required to be labeled as a dietary supplement identifiable
14 by the "supplemental facts" box found on the label as required by
15 21 CFR 101.36.

16 (ii) Contains 1 or more of the following dietary ingredients:

17 (A) A vitamin.

18 (B) A mineral.

19 (C) An herb or other botanical.

20 (D) An amino acid.

21 (E) A dietary substance for use by humans to supplement the
22 diet by increasing the total dietary intake.

23 (F) A concentrate, metabolite, constituent, extract, or
24 combination of any ingredient listed in sub-subparagraphs (A)
25 through (E).

26 (iii) Intended for ingestion in tablet, capsule, powder,
27 softgel, gelcap, or liquid form, or if not intended for ingestion

1 in 1 of those forms, is not represented as conventional food or for
2 use as a sole item of a meal or of the diet.

3 (g) "Direct mail" means printed material delivered or
4 distributed by United States mail or other delivery service to a
5 mass audience or to addressees on a mailing list provided by the
6 purchaser or at the direction of the purchaser when the cost of the
7 items are not billed directly to the recipients, including tangible
8 personal property supplied directly or indirectly by the purchaser
9 to the direct mail seller for inclusion in the package containing
10 the printed material, but not including multiple items of printed
11 material delivered to a single address.

12 (h) "Drug" means a compound, substance, or preparation, or any
13 component of a compound, substance, or preparation, other than food
14 or food ingredients, dietary supplements, or alcoholic beverages,
15 intended for human use that is 1 or more of the following:

16 (i) Recognized in the official United States pharmacopoeia,
17 official homeopathic pharmacopoeia of the United States, or
18 official national formulary, or in any of their supplements.

19 (ii) Intended for use in the diagnosis, cure, mitigation,
20 treatment, or prevention of disease.

21 (iii) Intended to affect the structure or any function of the
22 body.

23 (i) "Durable medical equipment" means equipment for home use,
24 other than mobility enhancing equipment, dispensed pursuant to a
25 prescription, including repair or replacement parts for that
26 equipment, that does all of the following:

27 (i) Can withstand repeated use.

1 (ii) Is primarily and customarily used to serve a medical
2 purpose.

3 (iii) Is not useful generally to a person in the absence of
4 illness or injury.

5 (iv) Is not worn in or on the body.

6 (j) "Electronic" means relating to technology having
7 electrical, digital, magnetic, wireless, optical, electromagnetic,
8 or similar capabilities.

9 (k) "Lease or rental" means any transfer of possession or
10 control of tangible personal property for a fixed or indeterminate
11 term for consideration and may include future options to purchase
12 or extend. This definition applies only to leases and rentals
13 entered into after ~~the effective date of the amendatory act that~~
14 ~~added this section~~ **SEPTEMBER 1, 2004** and has no retroactive impact
15 on leases and rentals that existed on that date. Lease or rental
16 does not include the following:

17 (i) A transfer of possession or control of tangible personal
18 property under a security agreement or deferred payment plan that
19 requires the transfer of title upon completion of the required
20 payments.

21 (ii) A transfer of possession or control of tangible personal
22 property under an agreement requiring transfer of title upon
23 completion of the required payments and payment of an option price
24 that does not exceed \$100.00 or 1% of the total required payments,
25 whichever is greater.

26 (iii) The provision of tangible personal property along with an
27 operator for a fixed or indeterminate period of time, where that

1 operator is necessary for the equipment to perform as designed. To
2 be necessary, an operator must do more than maintain, inspect, or
3 set up the tangible personal property.

4 (iv) An agreement covering motor vehicles or trailers if the
5 amount of consideration may be increased or decreased by reference
6 to the amount realized upon sale or disposition of the property as
7 defined in section 7701(h)(1) of the internal revenue code, 26 USC
8 7701.

9 (l) "Mobility enhancing equipment" means equipment, other than
10 durable medical equipment or a motor vehicle or equipment on a
11 motor vehicle normally provided by a motor vehicle manufacturer,
12 dispensed pursuant to a prescription, including repair or
13 replacement parts for that equipment, that is all of the following:

14 (i) Primarily and customarily used to provide or increase the
15 ability to move from 1 place to another and is appropriate for use
16 at home or on a motor vehicle.

17 (ii) Not generally used by a person with normal mobility.

18 (m) "Prescription" means an order, formula, or recipe, issued
19 in any form of oral, written, electronic, or other means of
20 transmission by a licensed physician or other health professional
21 as defined in section 3501 of the insurance code of 1956, 1956 PA
22 218, MCL 500.3501.

23 (n) "Prewritten computer software" means computer software,
24 including prewritten upgrades, that is delivered by any means and
25 that is not designed and developed by the author or other creator
26 to the specifications of a specific purchaser. Prewritten computer
27 software includes the following:

1 (i) Any combination of 2 or more prewritten computer software
2 programs or portions of prewritten computer software programs.

3 (ii) Computer software designed and developed by the author or
4 other creator to the specifications of a specific purchaser if it
5 is sold to a person other than that specific purchaser.

6 (iii) The modification or enhancement of prewritten computer
7 software or portions of prewritten computer software where the
8 modification or enhancement is designed and developed to the
9 specifications of a specific purchaser unless there is a
10 reasonable, separately stated charge or an invoice or other
11 statement of the price is given to the purchaser for the
12 modification or enhancement. If a person other than the original
13 author or creator modifies or enhances prewritten computer
14 software, that person is considered to be the author or creator of
15 only that person's modifications or enhancements.

16 (o) "Prosthetic device" means a replacement, corrective, or
17 supportive device, other than contact lenses and dental prosthesis,
18 dispensed pursuant to a prescription, including repair or
19 replacement parts for that device, worn on or in the body to do 1
20 or more of the following:

21 (i) Artificially replace a missing portion of the body.

22 (ii) Prevent or correct a physical deformity or malfunction of
23 the body.

24 (iii) Support a weak or deformed portion of the body.

25 (p) "Tangible personal property" means personal property that
26 can be seen, weighed, measured, felt, or touched or that is in any
27 other manner perceptible to the senses and includes electricity,

- 1 water, gas, steam, and prewritten computer software.
- 2 (q) "Tobacco" means cigarettes, cigars, chewing or pipe
- 3 tobacco, or any other item that contains tobacco.