

HOUSE BILL No. 6278

June 28, 2006, Introduced by Reps. Sheen, Drolet, Gosselin, Hoogendyk, Vander Veen, Baxter, Shaffer, Robertson, Pastor, Booher, Gaffney, Nofs and Stahl and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4q (MCL 205.94q), as amended by 2002 PA 456.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4q. (1) The tax levied under this act does not apply to
2 the purchase of machinery and equipment for use or consumption in
3 the rendition of any combination of services, the use or
4 consumption of which is taxable under section ~~3a(a)~~ **3A(1)(A)** or
5 (c) or 3b except that this exemption is limited to the tangible
6 personal property located on the premises of the subscriber and to
7 central office equipment or wireless equipment, directly used or
8 consumed in transmitting, receiving, or switching, or in the
9 monitoring of switching of a 2-way interactive communication. As
10 used in this subsection, central office equipment or wireless

1 equipment does not include distribution equipment including cable
2 or wire facilities.

3 (2) ~~Beginning April 1, 1999, the~~ **THE** property under
4 subsection (1) is exempt only to the extent that the property is
5 used for the exempt purposes stated in this section. ~~There~~
6 **BEGINNING APRIL 1, 1999 THROUGH MARCH 31, 2006, THERE** is an
7 irrebuttable presumption that 90% of total use is for exempt
8 purposes. ~~This presumption is in effect until April 1, 2006, at~~
9 ~~which time the presumption shall be reviewed and redetermined by~~
10 ~~the department of treasury using nonexempt and exempt user~~
11 ~~information for the previous 12-month period. That redetermined~~
12 ~~irrebuttable presumption shall be in effect for the following 7~~
13 ~~years. The irrebuttable presumption shall be reviewed and~~
14 ~~redetermined every 7 years after April 1, 2006 and applied to the~~
15 ~~following 7 years.~~ **BEGINNING APRIL 1, 2006, THERE IS AN**
16 **IRREBUTTABLE PRESUMPTION THAT 100% OF THE TOTAL USE IS FOR EXEMPT**
17 **PURPOSES.**