

SENATE BILL No. 1307

June 14, 2006, Introduced by Senators BISHOP, KUIPERS, GOSCHKA, CROPSEY and HARDIMAN
and referred to the Committee on Finance.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 3 (MCL 205.93), as amended by 2004 PA 172.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) There is levied upon and there shall be collected
2 from every person in this state a specific tax for the privilege of
3 using, storing, or consuming tangible personal property in this
4 state at a rate equal to 6% of the price of the property or
5 services specified in section 3a or 3b. Penalties and interest
6 shall be added to the tax if applicable as provided in this act.
7 For the purpose of the proper administration of this act and to
8 prevent the evasion of the tax, all of the following shall be
9 presumed:

1 (a) That tangible personal property purchased is subject to
2 the tax if brought into this state within 90 days of the purchase
3 date and is considered as acquired for storage, use, or other
4 consumption in this state.

5 (b) That tangible personal property used solely for personal,
6 nonbusiness purposes that is purchased outside of this state and
7 that is not an aircraft is exempt from the tax levied under this
8 act if 1 or more of the following conditions are satisfied:

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

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

15 (2) The tax imposed by this section for the privilege of
16 using, storing, or consuming a vehicle, ORV, manufactured housing,
17 aircraft, snowmobile, or watercraft shall be collected before the
18 transfer of the vehicle, ORV, manufactured housing, aircraft,
19 snowmobile, or watercraft, except a transfer to a licensed dealer
20 or retailer for purposes of resale that arises by reason of a
21 transaction made by a person who does not transfer vehicles, ORVs,
22 manufactured housing, aircraft, snowmobiles, or watercraft in the
23 ordinary course of his or her business done in this state. The tax
24 on a vehicle, ORV, snowmobile, and watercraft shall be collected by
25 the secretary of state before the transfer of the vehicle, ORV,
26 snowmobile, or watercraft registration. The tax on manufactured
27 housing shall be collected by the department of consumer and

1 industry services, mobile home commission, or its agent before the
2 transfer of the certificate of title. The tax on an aircraft shall
3 be collected by the department of treasury. The price tax base of a
4 new or previously owned car or truck held for resale by a dealer
5 and that is not exempt under section 4(1)(c) is the purchase price
6 of the car or truck multiplied by 2.5% plus \$30.00 per month
7 beginning with the month that the dealer uses the car or truck in a
8 nonexempt manner.

9 (3) The following transfers or purchases are not subject to
10 use tax:

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

17 **(B) A TRANSFER OF A VEHICLE TO AN INCORPORATED OR**
18 **UNINCORPORATED BUSINESS IF THE TRANSFEROR IS THE SOLE OWNER OF THE**
19 **TRANSFeree.**

20 (C) ~~—(b)—~~ A transaction or a portion of a transaction if the
21 transfer is a gift to a beneficiary in the administration of an
22 estate.

23 (D) ~~—(e)—~~ If a vehicle, ORV, manufactured housing, aircraft,
24 snowmobile, or watercraft that has once been subjected to the
25 Michigan sales or use tax is transferred in connection with the
26 organization, reorganization, dissolution, or partial liquidation
27 of an incorporated or unincorporated business and the beneficial

1 ownership is not changed.

2 (E) ~~—(d)—~~ If an insurance company licensed to conduct business
3 in this state acquires ownership of a late model distressed vehicle
4 as defined in section 12a of the Michigan vehicle code, 1949 PA
5 300, MCL 257.12a, through payment of damages in response to a claim
6 or when the person who owned the vehicle before the insurance
7 company reacquires ownership from the company as part of the
8 settlement of a claim.

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

15 (5) Any decrease in the rate of the tax levied under
16 subsection (1) on services subject to tax under this act shall
17 apply only to billings rendered on or after the effective date of
18 the decrease.