

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5492

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending sections 3 and 21 (MCL 205.93 and 205.111), as amended
by 2014 PA 80.

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, including both the
3 local community stabilization share and the state share, for the
4 privilege of using, storing, or consuming tangible personal
5 property in this state at a total combined rate equal to ~~6%~~7% of
6 the price of the property or services specified in section 3a or
7 3b. The tax levied under this act applies to a person who acquires
8 tangible personal property or services that are subject to the tax

1 levied under this act for any tax-exempt use who subsequently
2 converts the tangible personal property or service to a taxable
3 use, including an interim taxable use. If tangible personal
4 property or services are converted to a taxable use, the tax levied
5 under this act shall be imposed without regard to any subsequent
6 tax-exempt use. Penalties and interest shall be added to the tax if
7 applicable as provided in this act. For the purpose of the proper
8 administration of this act and to prevent the evasion of the tax,
9 all of the following shall be presumed:

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

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

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

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

24 (2) The tax imposed by this section for the privilege of
25 using, storing, or consuming a vehicle, ORV, manufactured housing,
26 aircraft, snowmobile, or watercraft shall be collected before the
27 transfer of the vehicle, ORV, manufactured housing, aircraft,

1 snowmobile, or watercraft, except a transfer to a licensed dealer
2 or retailer for purposes of resale that arises by reason of a
3 transaction made by a person who does not transfer vehicles, ORVs,
4 manufactured housing, aircraft, snowmobiles, or watercraft in the
5 ordinary course of his or her business done in this state. The tax
6 on a vehicle, ORV, snowmobile, and watercraft shall be collected by
7 the secretary of state before the transfer of the vehicle, ORV,
8 snowmobile, or watercraft registration. The tax on manufactured
9 housing shall be collected by the department of licensing and
10 regulatory affairs, mobile home commission, or its agent before the
11 transfer of the certificate of title. The tax on an aircraft shall
12 be collected by the department of treasury. The price tax base of a
13 new or previously owned car or truck held for resale by a dealer
14 and that is not exempt under section 4(1)(c) is the purchase price
15 of the car or truck multiplied by 2.5% plus \$30.00 per month
16 beginning with the month that the dealer uses the car or truck in a
17 nonexempt manner.

18 (3) The following transfers or purchases are not subject to
19 use tax:

20 (a) A transaction or a portion of a transaction if the
21 transferee or purchaser is the spouse, mother, father, brother,
22 sister, child, stepparent, stepchild, stepbrother, stepsister,
23 grandparent, grandchild, legal ward, or a legally appointed
24 guardian with a certified letter of guardianship, of the
25 transferor.

26 (b) A transaction or a portion of a transaction if the
27 transfer is a gift to a beneficiary in the administration of an

1 estate.

2 (c) If a vehicle, ORV, manufactured housing, aircraft,
3 snowmobile, or watercraft that has once been subjected to the
4 Michigan sales or use tax is transferred in connection with the
5 organization, reorganization, dissolution, or partial liquidation
6 of an incorporated or unincorporated business and the beneficial
7 ownership is not changed.

8 (d) If an insurance company licensed to conduct business in
9 this state acquires ownership of a late model distressed vehicle as
10 defined in section 12a of the Michigan vehicle code, 1949 PA 300,
11 MCL 257.12a, through payment of damages in response to a claim or
12 when the person who owned the vehicle before the insurance company
13 reacquires ownership from the company as part of the settlement of
14 a claim.

15 **(E) BEGINNING OCTOBER 1, 2015, THE TRANSFER OR PURCHASE OF**
16 **GASOLINE OR DIESEL FUEL USED TO OPERATE A MOTOR VEHICLE ON THE**
17 **PUBLIC ROADS OR HIGHWAYS OF THIS STATE.**

18 (4) The department may utilize the services, information, or
19 records of any other department or agency of state government or of
20 the authority in the performance of its duties under this act, and
21 other departments or agencies of state government and the authority
22 are required to furnish those services, information, or records
23 upon the request of the department.

24 (5) Beginning on October 1, 2015, the specific tax levied
25 under subsection (1) includes both a state share tax levied by this
26 state and a local community stabilization share tax authorized by
27 the amendatory act that added section 2c and levied by the

1 authority, which replaces the reduced state share at the following
2 rates in each of the following state fiscal years:

3 (a) For fiscal year 2015-2016, the local community
4 stabilization share tax rate to be levied by the authority is that
5 rate calculated by the department of treasury on behalf of the
6 authority sufficient to generate \$96,100,000.00 in revenue and the
7 state share tax rate is that rate determined by subtracting the
8 local community stabilization share tax rate from ~~6%-7%~~.

9 (b) For fiscal year 2016-2017, the local community
10 stabilization share tax rate to be levied by the authority is that
11 rate calculated by the department of treasury on behalf of the
12 authority sufficient to generate \$380,600,000.00 in revenue and the
13 state share tax rate is that rate determined by subtracting the
14 local community stabilization share tax rate from ~~6%-7%~~.

15 (c) For fiscal year 2017-2018, the local community
16 stabilization share tax rate to be levied by the authority is that
17 rate calculated by the department of treasury on behalf of the
18 authority sufficient to generate \$410,500,000.00 in revenue and the
19 state share tax rate is that rate determined by subtracting the
20 local community stabilization share tax rate from ~~6%-7%~~.

21 (d) For fiscal year 2018-2019, the local community
22 stabilization share tax rate to be levied by the authority is that
23 rate calculated by the department of treasury on behalf of the
24 authority sufficient to generate \$437,700,000.00 in revenue and the
25 state share tax rate is that rate determined by subtracting the
26 local community stabilization share tax rate from ~~6%-7%~~.

27 (e) For fiscal year 2019-2020, the local community

1 stabilization share tax rate to be levied by the authority is that
2 rate calculated by the department of treasury on behalf of the
3 authority sufficient to generate \$465,900,000.00 in revenue and the
4 state share tax rate is that rate determined by subtracting the
5 local community stabilization share tax rate from ~~6%-7%~~.

6 (f) For fiscal year 2020-2021, the local community
7 stabilization share tax rate to be levied by the authority is that
8 rate calculated by the department of treasury on behalf of the
9 authority sufficient to generate \$491,500,000.00 in revenue and the
10 state share tax rate is that rate determined by subtracting the
11 local community stabilization share tax rate from ~~6%-7%~~.

12 (g) For fiscal year 2021-2022, the local community
13 stabilization share tax rate to be levied by the authority is that
14 rate calculated by the department of treasury on behalf of the
15 authority sufficient to generate \$521,300,000.00 in revenue and the
16 state share tax rate is that rate determined by subtracting the
17 local community stabilization share tax rate from ~~6%-7%~~.

18 (h) For fiscal year 2022-2023, the local community
19 stabilization share tax rate to be levied by the authority is that
20 rate calculated by the department of treasury on behalf of the
21 authority sufficient to generate \$548,000,000.00 in revenue and the
22 state share tax rate is that rate determined by subtracting the
23 local community stabilization share tax rate from ~~6%-7%~~.

24 (i) For fiscal year 2023-2024, the local community
25 stabilization share tax rate to be levied by the authority is that
26 rate calculated by the department of treasury on behalf of the
27 authority sufficient to generate \$561,700,000.00 in revenue and the

1 state share tax rate is that rate determined by subtracting the
2 local community stabilization share tax rate from ~~6%-7%~~.

3 (j) For fiscal year 2024-2025, the local community
4 stabilization share tax rate to be levied by the authority is that
5 rate calculated by the department of treasury on behalf of the
6 authority sufficient to generate \$569,800,000.00 in revenue and the
7 state share tax rate is that rate determined by subtracting the
8 local community stabilization share tax rate from ~~6%-7%~~.

9 (k) For fiscal year 2025-2026, the local community
10 stabilization share tax rate to be levied by the authority is that
11 rate calculated by the department of treasury on behalf of the
12 authority sufficient to generate \$571,400,000.00 in revenue and the
13 state share tax rate is that rate determined by subtracting the
14 local community stabilization share tax rate from ~~6%-7%~~.

15 (l) For fiscal year 2026-2027, the local community
16 stabilization share tax rate to be levied by the authority is that
17 rate calculated by the department of treasury on behalf of the
18 authority sufficient to generate \$572,200,000.00 in revenue and the
19 state share tax rate is that rate determined by subtracting the
20 local community stabilization share tax rate from ~~6%-7%~~.

21 (m) For fiscal year 2027-2028, the local community
22 stabilization share tax rate to be levied by the authority is that
23 rate calculated by the department of treasury on behalf of the
24 authority sufficient to generate \$572,600,000.00 in revenue and the
25 state share tax rate is that rate determined by subtracting the
26 local community stabilization share tax rate from ~~6%-7%~~.

27 (n) For fiscal year 2028-2029 and each fiscal year thereafter,

1 the local community stabilization share tax rate to be levied by
2 the authority is that rate calculated by the department of treasury
3 on behalf of the authority sufficient to generate the amount
4 distributed under this section in the immediately preceding year
5 adjusted by the personal property growth factor and the state share
6 tax rate is that rate determined by subtracting the local community
7 stabilization share tax rate from ~~6%~~7%.

8 (6) The state share includes the portion of the use tax
9 imposed at the additional rate of 2% approved by the electors of
10 this state on March 15, 1994 and dedicated for aid to schools under
11 section 21(2). The local community stabilization share does not
12 include the portion of the use tax imposed at the additional rate
13 of 2% approved by the electors of this state on March 15, 1994.

14 (7) The total combined rate of the tax levied by this state
15 and the authority under this act, including both the state share,
16 as reduced by the amendatory act that added this subsection, and
17 the local community stabilization share, shall not exceed the
18 constitutional limit of ~~6%~~7% under section 8 of article IX of the
19 state constitution of 1963. The authority shall not increase any
20 tax or tax rate, but is authorized to and shall levy the local
21 community stabilization share at the rate provided in subsection
22 (5).

23 Sec. 21. (1) Except as provided in subsections (2), (3), ~~and~~
24 (4), **AND (5)**, all money received and collected under this act shall
25 be deposited by the department of treasury in the state treasury to
26 the credit of the general fund, to be disbursed only by
27 appropriations by the legislature.

1 (2) The collections from the use tax imposed at the additional
2 rate of 2% approved by the electors March 15, 1994 shall be
3 deposited in the state school aid fund established in section 11 of
4 article IX of the state constitution of 1963.

5 (3) From the money received and collected under this act for
6 the state share, an amount equal to all revenue lost under the
7 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and
8 all revenue lost from basic school operating mills as a result of
9 the exemption of personal property under sections 9m, 9n, and 9o of
10 the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and
11 211.9o, as determined by the department, shall be deposited into
12 the state school aid fund established by section 11 of article IX
13 of the state constitution of 1963. Funds deposited into the state
14 school aid fund under this subsection shall not include the portion
15 of the state share of the use tax imposed at the additional rate of
16 2% approved by the electors of this state on March 15, 1994 and
17 dedicated for aid to schools under subsection (2).

18 **(4) BEGINNING OCTOBER 1, 2015, FROM THE AMOUNT COLLECTED UNDER**
19 **THIS ACT, NOT INCLUDING THE AMOUNT COLLECTED FROM THE ADDITIONAL**
20 **RATE OF 2% APPROVED BY THE ELECTORS MARCH 15, 1994, AN AMOUNT EQUAL**
21 **TO 12.3% SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND**
22 **ESTABLISHED IN SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION**
23 **OF 1963, AS PROVIDED IN SECTION 11 OF ARTICLE IX OF THE STATE**
24 **CONSTITUTION OF 1963, FROM THE STATE SHARE, AFTER THE DISTRIBUTIONS**
25 **UNDER SUBSECTIONS (2) AND (3).**

26 (5) ~~(4)~~ Money received and collected under this act for the
27 local community stabilization share is not state funds, shall not

1 be credited to the state treasury, and shall be transmitted to the
2 authority for deposit in the treasury of the authority, to be
3 disbursed by the authority only as authorized under the local
4 community stabilization authority act. The local community
5 stabilization share is a local tax, not a state tax, and money
6 received and collected for the local community stabilization share
7 is money of the authority and not money of this state.

8 Enacting section 1. This amendatory act does not take effect
9 unless House Joint Resolution UU
10 of the 97th Legislature becomes a part of
11 the state constitution of 1963 as provided in section 1 of article
12 XII of the state constitution of 1963.

13 Enacting section 2. This amendatory act does not take effect
14 unless all of the following bills of the 97th Legislature are
15 enacted into law:

16 (a) House Bill No. 4539.

17 (b) House Bill No. 5477.

18 Enacting section 3. This amendatory act takes effect October
19 1, 2015.