

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 989

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending section 21 (MCL 205.111), as amended by 2015 PA 263.

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

1           Sec. 21. (1) Except as provided in subsections (2), (3), (4),  
2   (5), and ~~(5)~~,—(6), all money received and collected under this act  
3 shall be deposited by the department of treasury in the state  
4 treasury to the credit of the general fund, to be disbursed only by  
5 appropriations by the legislature.

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

10           (3) From the money received and collected under this act for

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

13 (4) Money received and collected under this act for the local  
14 community stabilization share is not state funds, shall not be  
15 credited to the state treasury, and shall be transmitted to the  
16 authority for deposit in the treasury of the authority, to be  
17 disbursed by the authority only as authorized under the local  
18 community stabilization authority act. The local community  
19 stabilization share is a local tax, not a state tax, and money  
20 received and collected for the local community stabilization share  
21 is money of the authority and not money of this state.

22 (5) Beginning October 1, 2016 and the first day of each  
23 calendar quarter thereafter, from the money received and collected  
24 under this act for the state share, an amount equal to the  
25 collections for the calendar quarter that is 2 calendar quarters  
26 immediately preceding the current calendar quarter of the tax  
27 imposed under this act at the additional rate of 2% approved by the

1 electors on March 15, 1994 from the use, storage, or consumption of  
2 aviation fuel shall be distributed as follows:

3 (a) An amount equal to 35% of the collections of the tax  
4 imposed at a rate of 2% on the use, storage, or consumption of  
5 aviation fuel shall be deposited in the state aeronautics fund and  
6 shall be expended, on appropriation, only for those purposes  
7 authorized in the aeronautics code of the state of Michigan, 1945  
8 PA 327, MCL 259.1 to 259.208.

9 (b) An amount equal to 65% of the collections of the tax  
10 imposed at a rate of 2% on the use, storage, or consumption of  
11 aviation fuel shall be deposited in the qualified airport fund and  
12 shall be expended, on appropriation, only for those purposes  
13 authorized under section 35 of the aeronautics code of the state of  
14 Michigan, 1945 PA 327, MCL 259.35.

15 (6) BEGINNING JANUARY 1, 2017, FROM THE MONEY RECEIVED AND  
16 COLLECTED UNDER THIS ACT FOR THE STATE SHARE, AN AMOUNT EQUAL TO  
17 THE COLLECTIONS ATTRIBUTABLE TO THE USE TAX IMPOSED UNDER SECTION  
18 3F SHALL BE DEPOSITED BY THE DEPARTMENT OF TREASURY IN THE STATE  
19 TREASURY TO THE CREDIT OF THE HEALTH SERVICES FUND CREATED IN  
20 SECTION 11 OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.261,  
21 TO BE DISBURSED, SUBJECT TO THE LIMITATIONS UNDER THIS SUBSECTION,  
22 ONLY BY APPROPRIATIONS BY THE LEGISLATURE IN ACCORDANCE WITH  
23 SECTION 11 OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.261.  
24 THE FUNDS DEPOSITED INTO THE HEALTH SERVICES FUND PURSUANT TO THIS  
25 SUBSECTION SHALL NOT BE USED FOR ANY MEDICAID BENEFITS PROVIDED  
26 UNDER THE MEDICAL ASSISTANCE PROGRAM CREATED UNDER SECTIONS 105 AND  
27 105D OF THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.105 AND

1 400.105D, OR FOR THE MEDICAL SERVICES ADMINISTRATION WITHIN THE  
2 DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR THE ADMINISTRATION OF  
3 THE MEDICAL ASSISTANCE PROGRAM CREATED UNDER SECTIONS 105 AND 105D  
4 OF THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.105 AND 400.105D.

5 (7) ~~(6)~~—The department shall, on an annual basis, reconcile  
6 the amounts distributed under subsection (5) during each fiscal  
7 year with the amounts actually collected for a particular fiscal  
8 year and shall make any necessary adjustments, positive or  
9 negative, to the amounts to be distributed for the next successive  
10 calendar quarter that begins January 1. The state treasurer or his  
11 or her designee shall annually provide to the operator of each  
12 qualified airport a report of the reconciliation performed under  
13 this subsection. The reconciliation report is subject to the  
14 confidentiality restrictions and penalties provided in section  
15 28(1)(f) of 1941 PA 122, MCL 205.28.

16 (8) ~~(7)~~—As used in this section:

17 (a) "Aviation fuel" means fuel as that term is defined in  
18 section 4 of the aeronautics code of the state of Michigan, 1945 PA  
19 327, MCL 259.4.

20 (b) "Qualified airport" means that term as defined in section  
21 109 of the aeronautics code of the state of Michigan, 1945 PA 327,  
22 MCL 259.109.

23 (c) "Qualified airport fund" means the qualified airport fund  
24 created in section 34(2) of the aeronautics code of the state of  
25 Michigan, 1945 PA 327, MCL 259.34.

26 (d) "State aeronautics fund" means the state aeronautics fund  
27 created in section 34(1) of the aeronautics code of the state of

1 Michigan, 1945 PA 327, MCL 259.34.

2 Enacting section 1. This amendatory act does not take effect  
3 unless all of the following bills of the 98th Legislature are  
4 enacted into law:

5 (a) Senate Bill No. 987.

6 (b) Senate Bill No. 988.

7 (c) Senate Bill No. 990.