

# SENATE BILL No. 989

May 24, 2016, Introduced by Senators MACGREGOR, HORN, PROOS, SHIRKEY and STAMAS and referred to the Committee on Michigan Competitiveness.

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending sections 3f and 21 (MCL 205.93f and 205.111), section  
3f as amended by 2014 PA 161 and section 21 as amended by 2015 PA  
263.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3f. (1) Beginning April 1, 2014 **THROUGH DECEMBER 31,**  
2       **2016,** the use or consumption of medical services provided by  
3       entities identified in, and pursuant to contracts identified under,  
4       section 106(2)(a) and section 109f(2) of the social welfare act,  
5       1939 PA 280, MCL 400.106 and 400.109f, shall be taxed in the same  
6       manner as tangible personal property is taxed under this act  
7       notwithstanding any other provision or exemption under this act. As  
8       used in this ~~section~~, **SUBSECTION**, "medical services" means those  
9       medical services provided only to ~~medicaid~~ **MEDICAID** beneficiaries

1 enrolled under title XIX of the social security act, 42 USC 1396 to  
2 1396w.

3 (2) BEGINNING JANUARY 1, 2017, THE USE OR CONSUMPTION OF  
4 MEDICAL SERVICES PROVIDED BY ENTITIES IDENTIFIED IN, AND PURSUANT  
5 TO CONTRACTS IDENTIFIED UNDER, SECTION 106(2)(A) AND SECTION  
6 109F(2) OF THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.106 AND  
7 400.109F, SHALL BE TAXED IN THE SAME MANNER AS TANGIBLE PERSONAL  
8 PROPERTY IS TAXED UNDER THIS ACT NOTWITHSTANDING ANY OTHER  
9 PROVISION OR EXEMPTION UNDER THIS ACT. AS USED IN THIS SUBSECTION,  
10 "MEDICAL SERVICES" MEANS THOSE MEDICAL SERVICES PROVIDED ONLY TO  
11 BENEFICIARIES ENROLLED UNDER TITLE XIX OF THE SOCIAL SECURITY ACT,  
12 42 USC 1396 TO 1396W-5, OR TITLE XXI OF THE SOCIAL SECURITY ACT, 42  
13 USC 1397AA TO 1397MM.

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

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

23 (3) From the money received and collected under this act for  
24 the state share, an amount equal to all revenue lost under the  
25 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and  
26 all revenue lost from basic school operating mills as a result of  
27 the exemption of personal property under sections 9m, 9n, and 9o of

1 the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and  
2 211.9o, as determined by the department, shall be deposited into  
3 the state school aid fund established by section 11 of article IX  
4 of the state constitution of 1963. Funds deposited into the state  
5 school aid fund under this subsection shall not include the portion  
6 of the state share of the use tax imposed at the additional rate of  
7 2% approved by the electors of this state on March 15, 1994 and  
8 dedicated for aid to schools under subsection (2).

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

18 (5) Beginning October 1, 2016 and the first day of each  
19 calendar quarter thereafter, from the money received and collected  
20 under this act for the state share, an amount equal to the  
21 collections for the calendar quarter that is 2 calendar quarters  
22 immediately preceding the current calendar quarter of the tax  
23 imposed under this act at the additional rate of 2% approved by the  
24 electors on March 15, 1994 from the use, storage, or consumption of  
25 aviation fuel shall be distributed as follows:

26 (a) An amount equal to 35% of the collections of the tax  
27 imposed at a rate of 2% on the use, storage, or consumption of

1 aviation fuel shall be deposited in the state aeronautics fund and  
2 shall be expended, on appropriation, only for those purposes  
3 authorized in the aeronautics code of the state of Michigan, 1945  
4 PA 327, MCL 259.1 to 259.208.

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

11 (6) THE COLLECTIONS FROM THE USE TAX IMPOSED UNDER SECTION 3F  
12 SHALL BE DEPOSITED BY THE DEPARTMENT OF TREASURY IN THE STATE  
13 TREASURY TO THE CREDIT OF THE HEALTH SERVICES FUND CREATED IN  
14 SECTION 11 OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.261,  
15 TO BE DISBURSED, SUBJECT TO THE LIMITATIONS UNDER THIS SUBSECTION,  
16 ONLY BY APPROPRIATIONS BY THE LEGISLATURE IN ACCORDANCE WITH  
17 SECTION 11 OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.261.  
18 THE FUNDS DEPOSITED INTO THE HEALTH SERVICES FUND PURSUANT TO THIS  
19 SUBSECTION SHALL NOT BE USED FOR ANY MEDICAID BENEFITS PROVIDED  
20 UNDER THE MEDICAL ASSISTANCE PROGRAM CREATED UNDER SECTIONS 105 AND  
21 105D OF THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.105 AND  
22 400.105D, OR FOR THE MEDICAL SERVICES ADMINISTRATION WITHIN THE  
23 DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR THE ADMINISTRATION OF  
24 THE MEDICAL ASSISTANCE PROGRAM CREATED UNDER SECTIONS 105 AND 105D  
25 OF THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.105 AND 400.105D.

26 (7) ~~(6)~~—The department shall, on an annual basis, reconcile  
27 the amounts distributed under subsection (5) during each fiscal

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

10 (8) ~~(7)~~As used in this section:

11 (a) "Aviation fuel" means fuel as that term is defined in  
12 section 4 of the aeronautics code of the state of Michigan, 1945 PA  
13 327, MCL 259.4.

14 (b) "Qualified airport" means that term as defined in section  
15 109 of the aeronautics code of the state of Michigan, 1945 PA 327,  
16 MCL 259.109.

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

20 (d) "State aeronautics fund" means the state aeronautics fund  
21 created in section 34(1) of the aeronautics code of the state of  
22 Michigan, 1945 PA 327, MCL 259.34.

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

26 (a) Senate Bill No. 988.

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1 (b) Senate Bill No. 987.

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3 (c) Senate Bill No. 990.

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