

# HOUSE BILL No. 4269

February 26, 2015, Introduced by Rep. Outman and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 1 (MCL 205.51), as amended by 2013 PA 160.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. (1) As used in this act:

2       (a) "Person" means an individual, firm, partnership, joint  
3       venture, association, social club, fraternal organization,  
4       municipal or private corporation whether organized for profit or  
5       not, company, estate, trust, receiver, trustee, syndicate, the  
6       United States, this state, county, or any other group or  
7       combination acting as a unit, and includes the plural as well as  
8       the singular number, unless the intention to give a more limited  
9       meaning is disclosed by the context.

10       (b) "Sale at retail" or "retail sale" means a sale, lease, or  
11       rental of tangible personal property for any purpose other than for

1 resale, sublease, or subrent.

2 (c) "Gross proceeds" means sales price.

3 (d) "Sales price" means the total amount of consideration,  
4 including cash, credit, property, and services, for which tangible  
5 personal property or services are sold, leased, or rented, valued  
6 in money, whether received in money or otherwise, and applies to  
7 the measure subject to sales tax. Sales price includes the  
8 following subparagraphs (i) through (vii) and excludes subparagraphs  
9 (viii) through ~~(xii)~~ **(xiii)** :

10 (i) Seller's cost of the property sold.

11 (ii) Cost of materials used, labor or service cost, interest,  
12 losses, costs of transportation to the seller, taxes imposed on the  
13 seller other than taxes imposed by this act, and any other expense  
14 of the seller.

15 (iii) Charges by the seller for any services necessary to  
16 complete the sale, other than the following:

17 (A) An amount received or billed by the taxpayer for  
18 remittance to the employee as a gratuity or tip, if the gratuity or  
19 tip is separately identified and itemized on the guest check or  
20 billed to the customer.

21 (B) Labor or service charges involved in maintenance and  
22 repair work on tangible personal property of others if separately  
23 itemized.

24 (iv) Delivery charges incurred or to be incurred before the  
25 completion of the transfer of ownership of tangible personal  
26 property subject to the tax levied under this act from the seller  
27 to the purchaser. A seller is not liable under this act for

1 delivery charges allocated to the delivery of exempt property.

2 (v) Installation charges incurred or to be incurred before the  
3 completion of the transfer of ownership of tangible personal  
4 property from the seller to the purchaser.

5 (vi) Except as otherwise provided in subparagraphs (xi) and  
6 (xii), credit for any trade-in.

7 (vii) Except as otherwise provided in subparagraph (x),  
8 consideration received by the seller from third parties if all of  
9 the following conditions are met:

10 (A) The seller actually receives consideration from a party  
11 other than the purchaser and the consideration is directly related  
12 to a price reduction or discount on the sale.

13 (B) The seller has an obligation to pass the price reduction  
14 or discount through to the purchaser.

15 (C) The amount of the consideration attributable to the sale  
16 is fixed and determinable by the seller at the time of the sale of  
17 the item to the purchaser.

18 (D) One of the following criteria is met:

19 (I) The purchaser presents a coupon, certificate, or other  
20 documentation to the seller to claim a price reduction or discount  
21 where the coupon, certificate, or documentation is authorized,  
22 distributed, or granted by a third party with the understanding  
23 that the third party will reimburse any seller to whom the coupon,  
24 certificate, or documentation is presented.

25 (II) The purchaser identifies himself or herself to the seller  
26 as a member of a group or organization entitled to a price  
27 reduction or discount. A preferred customer card that is available

1 to any patron does not constitute membership in a group or  
2 organization.

3 (III) The price reduction or discount is identified as a third  
4 party price reduction or discount on the invoice received by the  
5 purchaser or on a coupon, certificate, or other documentation  
6 presented by the purchaser.

7 (viii) Interest, financing, or carrying charges from credit  
8 extended on the sale of personal property or services, if the  
9 amount is separately stated on the invoice, bill of sale, or  
10 similar document given to the purchaser.

11 (ix) Any taxes legally imposed directly on the consumer that  
12 are separately stated on the invoice, bill of sale, or similar  
13 document given to the purchaser.

14 (x) Beginning January 1, 2000, employee discounts that are  
15 reimbursed by a third party on sales of motor vehicles.

16 (xi) Beginning November 15, 2013, credit for the agreed-upon  
17 value of a titled watercraft used as part payment of the purchase  
18 price of a new titled watercraft or used titled watercraft if the  
19 agreed-upon value is separately stated on the invoice, bill of  
20 sale, or similar document given to the purchaser.

21 (xii) Beginning December 15, 2013, credit for the agreed-upon  
22 value of a motor vehicle or recreational vehicle used as part  
23 payment of the purchase price of a new motor vehicle or used motor  
24 vehicle or recreational vehicle if the agreed-upon value is  
25 separately stated on the invoice, bill of sale, or similar document  
26 given to the purchaser. For purposes of this subparagraph, the  
27 agreed-upon value of a motor vehicle or recreational vehicle used

1 as part payment shall be limited as follows:

2 (A) Beginning December 15, 2013, subject to sub-subparagraphs  
3 (B) and (C), the lesser of the following:

4 (I) \$2,000.00.

5 (II) The agreed-upon value of the motor vehicle or  
6 recreational vehicle used as part payment.

7 (B) Beginning January 1, 2015 and each January 1 thereafter,  
8 the amount under sub-subparagraph (A) (I) shall be increased by an  
9 additional \$500.00 each year unless section 105d of the social  
10 welfare act, 1939 PA 280, MCL 400.105d, is repealed.

11 (C) Beginning on January 1 in the year in which the amount  
12 under sub-subparagraph (A) (I) exceeds \$14,000.00 and each January 1  
13 thereafter, there shall be no limitation on the agreed-upon value  
14 of the motor vehicle or recreational vehicle used as part payment.

15 **(xiii) A CORE CHARGE ATTRIBUTABLE TO A RECYCLING FEE, DEPOSIT,**  
16 **OR DISPOSAL FEE FOR AN AUTOMOBILE PART OR AUTOMOBILE BATTERY.**

17 (e) "Business" includes an activity engaged in by a person or  
18 caused to be engaged in by that person with the object of gain,  
19 benefit, or advantage, either direct or indirect.

20 (f) "Tax year" or "taxable year" means the fiscal year of the  
21 state or the taxpayer's fiscal year if permission is obtained by  
22 the taxpayer from the department to use the taxpayer's fiscal year  
23 as the tax period instead.

24 (g) "Department" means the department of treasury.

25 (h) "Taxpayer" means a person subject to a tax under this act.

26 (i) "Tax" includes a tax, interest, or penalty levied under  
27 this act.

1       (j) "Textiles" means goods that are made of or incorporate  
2 woven or nonwoven fabric, including, but not limited to, clothing,  
3 shoes, hats, gloves, handkerchiefs, curtains, towels, sheets,  
4 pillows, pillow cases, tablecloths, napkins, aprons, linens, floor  
5 mops, floor mats, and thread. Textiles also include materials used  
6 to repair or construct textiles, or other goods used in the rental,  
7 sale, or cleaning of textiles.

8       (k) "New motor vehicle" means that term as defined in section  
9 33a of the Michigan vehicle code, 1949 PA 300, MCL 257.33a.

10       (l) "Recreational vehicle" means that term as defined in  
11 section 49a of the Michigan vehicle code, 1949 PA 300, MCL 257.49a.

12       (2) If the department determines that it is necessary for the  
13 efficient administration of this act to regard an unlicensed  
14 person, including a salesperson, representative, peddler, or  
15 canvasser as the agent of the dealer, distributor, supervisor, or  
16 employer under whom the unlicensed person operates or from whom the  
17 unlicensed person obtains the tangible personal property sold by  
18 the unlicensed person, irrespective of whether the unlicensed  
19 person is making sales on the unlicensed person's own behalf or on  
20 behalf of the dealer, distributor, supervisor, or employer, the  
21 department may so regard the unlicensed person and may regard the  
22 dealer, distributor, supervisor, or employer as making sales at  
23 retail at the retail price for the purposes of this act.

24       Enacting section 1. This amendatory act takes effect 90 days  
25 after the date it is enacted into law.