

SENATE BILL NO. 499

August 13, 2025, Introduced by Senator IRWIN and referred to Committee on Education.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 21 (MCL 205.111), as amended by 2023 PA 175,
and by adding section 14c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 14c. (1) A purchaser that purchases eligible back-to-**
2 **school property between 12:01 a.m. on August 8th and 11:59 p.m. on**
3 **August 24th of an eligible year may submit a claim for a refund to**
4 **the department for the use tax related to that purchase if all of**
5 **the following conditions are met:**

1 (a) The claim for refund is made not later than 30 days after
2 the date of purchase.

3 (b) The purchaser submits to the department an accurate record
4 of the purchase, including, but not limited to, a paper,
5 electronic, or digital receipt, invoice, or purchase order related
6 to the purchase, that includes all of the following information:

7 (i) The name and location of the seller.

8 (ii) The date on which the eligible back-to-school property was
9 purchased.

10 (iii) The purchase price of each item purchased.

11 (iv) The amount of use tax collected by the seller from the
12 purchaser.

13 (c) One of the following applies:

14 (i) The receipt, invoice, or purchase order described in
15 subdivision (b) includes the name of the purchaser.

16 (ii) The purchaser provides an affidavit of purchase in the
17 form and manner prescribed by the department.

18 (d) The purchaser submits to the department a proper refund
19 claim on a form prescribed by the department.

20 (e) The purchaser submits to the department any additional
21 information that the department requires related to the purchaser's
22 claim for a refund under this section.

23 (2) All of the following provisions apply in determining
24 whether property is eligible back-to-school property:

25 (a) If the seller offers a discount on an item, the discount
26 reduces the purchase price of the item, and the discounted purchase
27 price determines whether the purchase price of the item is within
28 the purchase price threshold under subsection (5)(c). If a discount
29 applies to the total amount paid by a purchaser rather than to the

1 purchase price of a particular item and the purchaser has purchased
2 both eligible back-to-school property and taxable property, the
3 discount must be allocated based on the total purchase prices of
4 the taxable property compared to the total purchase prices of all
5 property sold in that same transaction.

6 (b) A coupon that reduces the purchase price is treated as a
7 discount under subdivision (a) if the seller is not reimbursed for
8 the coupon amount by a third party.

9 (c) Articles normally sold as a single unit must continue to
10 be sold as a single unit during the authorized time period
11 described in subsection (1). Such articles must not be priced
12 separately and sold as individual items to enable a purchaser to
13 obtain a refund under this section.

14 (d) Eligible back-to-school property is considered purchased
15 within the authorized time period described in subsection (1) if
16 either of the following applies:

17 (i) The eligible back-to-school property is both delivered to
18 and paid for by the purchaser during the authorized time period.

19 (ii) The purchaser orders and pays for the eligible back-to-
20 school property and the seller accepts the order during the
21 authorized time period for immediate shipment, even if delivery is
22 made after the authorized time period. The seller accepts an order
23 when the seller has taken action to fill the order for immediate
24 shipment. Actions to fill an order include placement of an "in-
25 date" stamp on a mail order or assignment of an "order number" to a
26 telephone order. An order is for immediate shipment if the
27 purchaser does not request delayed shipment. An order is for
28 immediate shipment notwithstanding that the shipment may be delayed
29 because of a backlog of orders or because stock is currently

1 unavailable to, or on back order by, the seller.

2 (e) If the purchaser is located in one time zone and a seller
3 is located in another time zone, the time zone of the seller's
4 location determines whether a purchase occurred during the
5 authorized time period described in subsection (1).

6 (3) Notwithstanding this section, a seller is liable for and
7 shall remit use tax on purchases of eligible back-to-school
8 property unless such purchases are exempt under another section of
9 this act.

10 (4) If a purchaser returns an item of eligible back-to-school
11 property purchased during the authorized time period described in
12 subsection (1), the seller shall not give credit for or refund use
13 tax unless the purchaser provides a form signed by the purchaser,
14 as prescribed by the department, that states that the purchaser has
15 not claimed, and will not claim, a refund under this section with
16 respect to that item. When the seller files its tax return for a
17 month under section 6, the seller shall provide the department with
18 copies of all forms received under this subsection during that
19 month.

20 (5) As used in this section:

21 (a) "Clothing" means all human wearing apparel suitable for
22 general use.

23 (b) "Clothing accessories or equipment" means incidental items
24 worn on the person or in conjunction with clothing, including, but
25 not limited to, the following:

26 (i) Briefcases.

27 (ii) Cosmetics.

28 (iii) Hair notions, including, but not limited to, barrettes,
29 hair bows, and hair nets.

1 (iv) Handbags.

2 (v) Handkerchiefs.

3 (vi) Jewelry.

4 (vii) Sun glasses, nonprescription.

5 (viii) Umbrellas.

6 (ix) Wallets.

7 (x) Watches.

8 (xi) Wigs and hair pieces.

9 (c) "Eligible back-to-school property" means, except as
10 otherwise provided in subdivision (d), both of the following:

11 (i) Clothing, if the purchase price of each individual item is
12 not greater than \$100.00.

13 (ii) School supplies, if the purchase price of each individual
14 item is not greater than \$20.00.

15 (d) Eligible back-to-school property does not include any of
16 the following:

17 (i) Clothing accessories or equipment.

18 (ii) Sport or recreational equipment.

19 (iii) Protective equipment.

20 (iv) Any item sold for use in a trade or business. This
21 subparagraph does not apply to an item sold to a teacher for use in
22 the teacher's classroom, and a teacher who purchases eligible back-
23 to-school property for use in the teacher's classroom is eligible
24 for a refund under subsection (1).

25 (v) Furniture.

26 (e) "Eligible year" means a calendar year that begins on or
27 after January 1, 2025 and before January 1, 2031.

28 (f) "Protective equipment" means items for human wear and

1 designed as protection of the wearer against injury or disease or
2 as protections against damage or injury of other persons or
3 property but not suitable for general use. Protective equipment
4 includes, but is not limited to, the following:

5 (i) Breathing masks.

6 (ii) Clean room apparel and equipment.

7 (iii) Ear and hearing protectors.

8 (iv) Face shields.

9 (v) Hard hats.

10 (vi) Helmets.

11 (vii) Paint or dust respirators.

12 (viii) Protective gloves.

13 (ix) Safety glasses and goggles.

14 (x) Safety belts.

15 (xi) Tool belts.

16 (xii) Welder's gloves and masks.

17 (g) "School supplies" means items commonly used by a student
18 in a course of study and includes only the following items:

19 (i) Binders.

20 (ii) Book bags.

21 (iii) Calculators.

22 (iv) Cellophane tape.

23 (v) Blackboard chalk.

24 (vi) Compasses.

25 (vii) Composition books.

26 (viii) Crayons.

27 (ix) Erasers.

28 (x) Folders, including expandable, pocket, plastic, and

- 1 manila.
- 2 (xi) Glue, paste, and paste sticks.
- 3 (xii) Highlighters.
- 4 (xiii) Index cards.
- 5 (xiv) Index card boxes.
- 6 (xv) Legal pads.
- 7 (xvi) Lunch boxes.
- 8 (xvii) Markers.
- 9 (xviii) Notebooks.
- 10 (xix) Paper, including loose-leaf ruled notebook paper, copy
- 11 paper, graph paper, tracing paper, manila paper, colored paper,
- 12 poster board, and construction paper.
- 13 (xx) Pencil boxes and other school supply boxes.
- 14 (xxi) Pencil sharpeners.
- 15 (xxii) Pencils.
- 16 (xxiii) Pens.
- 17 (xxiv) Protractors.
- 18 (xxv) Rulers.
- 19 (xxvi) Scissors.
- 20 (xxvii) Writing tablets.
- 21 (h) "Sport or recreational equipment" means items designed for
- 22 human use and worn in conjunction with an athletic or recreational
- 23 activity that are not suitable for general use. Sport or
- 24 recreational equipment includes, but is not limited to, the
- 25 following:
- 26 (i) Ballet and tap shoes.
- 27 (ii) Cleated or spiked athletic shoes.
- 28 (iii) Gloves, including, but not limited to, baseball, bowling,

1 **boxing, hockey, and golf.**

2 **(iv) Goggles.**

3 **(v) Hand and elbow guards.**

4 **(vi) Life preservers and vests.**

5 **(vii) Mouth guards.**

6 **(viii) Roller and ice skates.**

7 **(ix) Shin guards.**

8 **(x) Shoulder pads.**

9 **(xi) Ski boots.**

10 **(xii) Waders.**

11 **(xiii) Wetsuits and fins.**

12 **(i) "Teacher" means that term as defined in section 1249 of**
 13 **the revised school code, 1976 PA 451, MCL 380.1249.**

14 Sec. 21. (1) Except as otherwise provided in this section, all
 15 money received and collected under this act must be deposited by
 16 the department of treasury in the state treasury to the credit of
 17 the general fund, to be disbursed only by appropriations by the
 18 legislature.

19 (2) The collections from the use tax imposed at the additional
 20 rate of 2% approved by the electors on March 15, 1994 must be
 21 deposited in the state school aid fund.

22 (3) In addition to the money deposited in the state school aid
 23 fund under subsection (2), from the money received and collected
 24 under this act for the state share, an amount equal to the sum of
 25 the following, as determined by the department, must be deposited
 26 in the state school aid fund:

27 (a) All revenue lost under the state education tax act, 1993
 28 PA 331, MCL 211.901 to 211.906, as a result of the exemption of
 29 personal property under sections 9m, 9n, and 9o of the general

1 property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

2 (b) All revenue lost from basic school operating mills as a
3 result of the exemption of personal property under sections 9m, 9n,
4 and 9o of the general property tax act, 1893 PA 206, MCL 211.9m,
5 211.9n, and 211.9o.

6 (c) All revenue lost to the state school aid fund as a result
7 of the exemption under section 4(1)(gg).

8 (d) All revenue lost to the state school aid fund as a result
9 of the exemption under section 4cc. A person that claims an
10 exemption under section 4cc shall report the purchase price of the
11 data center equipment as defined in section 4cc and any other
12 information necessary to determine the amount of revenue lost to
13 the state school aid fund as a result of the exemption under
14 section 4cc annually on a form at the time and in a manner
15 prescribed by the department. The report required under this
16 subdivision must not include any remittance for tax and does not
17 constitute a return or otherwise alleviate the person's obligations
18 under section 6.

19 (e) All revenue lost to the state school aid fund as a result
20 of the exclusion under section 2(1)(f)(xv).

21 (4) Money received and collected under this act for the local
22 community stabilization share is not state funds, must not be
23 credited to the state treasury, and must be transmitted to the
24 authority for deposit in the treasury of the authority, to be
25 disbursed by the authority only as authorized under the local
26 community stabilization authority act, 2014 PA 86, MCL 123.1341 to
27 123.1362. The local community stabilization share is a local tax,
28 not a state tax, and money received and collected for the local
29 community stabilization share is money of the authority and not

1 money of this state.

2 (5) Beginning October 1, 2016 and the first day of each
3 calendar quarter thereafter, from the money received and collected
4 under this act for the state share, an amount equal to the
5 collections for the calendar quarter that is 2 calendar quarters
6 immediately preceding the current calendar quarter of the tax
7 imposed under this act at the additional rate of 2% approved by the
8 electors on March 15, 1994 from the use, storage, or consumption of
9 aviation fuel must be distributed as follows:

10 (a) An amount equal to 35% of the collections of the tax
11 imposed at a rate of 2% on the use, storage, or consumption of
12 aviation fuel must be deposited in the state aeronautics fund and
13 must be expended, on appropriation, only for those purposes
14 authorized in the aeronautics code of the state of Michigan, 1945
15 PA 327, MCL 259.1 to 259.208.

16 (b) An amount equal to 65% of the collections of the tax
17 imposed at a rate of 2% on the use, storage, or consumption of
18 aviation fuel must be deposited in the qualified airport fund and
19 must be expended, on appropriation, only for those purposes
20 authorized under section 35 of the aeronautics code of the state of
21 Michigan, 1945 PA 327, MCL 259.35.

22 (6) The department shall, on an annual basis, reconcile the
23 amounts distributed under subsection (5) during each fiscal year
24 with the amounts actually collected for a particular fiscal year
25 and shall make any necessary adjustments, positive or negative, to
26 the amounts to be distributed for the next successive calendar
27 quarter that begins January 1. The state treasurer or the state
28 treasurer's designee shall annually provide to the operator of each
29 qualified airport a report of the reconciliation performed under

1 this subsection. The reconciliation report is subject to the
2 confidentiality restrictions and penalties provided in section
3 28(1)(f) of 1941 PA 122, MCL 205.28.

4 (7) Beginning with the fiscal year ending September 30, 2024
5 and each fiscal year thereafter, from the money received and
6 collected under this act for the state share, \$75,000,000.00 must
7 be deposited into the local government reimbursement fund created
8 in section 3a of the Michigan trust fund act, 2000 PA 489, MCL
9 12.253a.

10 (8) **Until September 30, 2030, from the money received and**
11 **collected under this act for the state share, an amount equal to**
12 **the collections of the tax imposed at a rate of 6% under this act**
13 **from the use, storage, or consumption of eligible back-to-school**
14 **property, as that term is defined in section 14c, during the**
15 **authorized time period described in section 14c(1) must be**
16 **deposited in the back-to-school rebate fund created in section 25a**
17 **of the general sales tax act, 1933 PA 167, MCL 205.75a.**

18 (9) ~~(8)~~As used in this section:

19 (a) "Aviation fuel" means fuel as that term is defined in
20 section 4 of the aeronautics code of the state of Michigan, 1945 PA
21 327, MCL 259.4.

22 (b) "Qualified airport" means that term as defined in section
23 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
24 MCL 259.109.

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

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

1 Michigan, 1945 PA 327, MCL 259.34.

2 (e) "State school aid fund" means the state school aid fund
3 established in section 11 of article IX of the state constitution
4 of 1963.

5 Enacting section 1. This amendatory act does not take effect
6 unless Senate Bill No. ____ (request no. S04183'25) or House Bill
7 No. ____ (request no. H04183'25) of the 103rd Legislature is
8 enacted into law.