

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5106

(As amended November 10, 2005)
(As amended, November 10, 2005)

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 4d (MCL 205.54d), as added by 2004 PA 173.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4d. The following are exempt from the tax under this act:

2 (a) The sale of tangible personal property to a person who is
3 a lessor licensed under the use tax act, 1937 PA 94, MCL 205.91 to
4 205.111, and whose rental receipts are taxed or specifically exempt
5 under the use tax act, 1937 PA 94, MCL 205.91 TO 205.111.

6 (b) ~~The~~ BEFORE JANUARY 1, 2006, THE sale of a vehicle
7 acquired for lending or leasing to a public or parochial school for
8 use in a course in driver education. AFTER DECEMBER 31, 2005, IF
9 [SECTION << >>] 35F OF THE SINGLE BUSINESS TAX ACT, 1975 PA 228,
10 MCL << >> 208.35F, [IS] NOT IN EFFECT, THE SALE OF A VEHICLE

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1 ACQUIRED FOR LENDING OR LEASING TO A PUBLIC OR PAROCHIAL SCHOOL FOR
2 USE IN A COURSE IN DRIVER EDUCATION.

3 (c) ~~The~~ BEFORE JANUARY 1, 2006, THE sale of a vehicle
4 purchased by a public or parochial school if that vehicle is
5 certified for driver education and is not reassigned for personal
6 use by the school's administrative personnel. AFTER DECEMBER 31,
7 2005, IF [SECTION << >>] 35F OF THE SINGLE BUSINESS TAX ACT, 1975
8 PA 228, MCL << >> 208.35F, [IS] NOT IN EFFECT, THE SALE OF A
9 VEHICLE PURCHASED BY A PUBLIC OR PAROCHIAL SCHOOL IF THAT VEHICLE
10 IS CERTIFIED FOR DRIVER EDUCATION AND IS NOT REASSIGNED FOR
11 PERSONAL USE BY THE SCHOOL'S ADMINISTRATIVE PERSONNEL.

12 (d) The sale of water through water mains, the sale of water
13 delivered in bulk tanks in quantities of not less than 500 gallons,
14 or the sale of bottled water.

15 (e) The sale of tangible personal property to a person for
16 demonstration purposes. For a dealer selling a new car or truck,
17 the exemption for demonstration purposes shall be determined by the
18 number of new cars and trucks sold during the current calendar year
19 or the immediately preceding year without regard to specific make
20 or style in accordance with the following schedule of 0 to 25, 2
21 units; 26 to 100, 7 units; 101 to 500, 20 units; 501 or more, 25
22 units; but not to exceed 25 cars and trucks in a calendar year for
23 demonstration purposes.

24 (f) Specific charges for technical support or for adapting or
25 modifying prewritten computer software programs to a purchaser's
26 needs or equipment if those charges are separately stated and
27 identified.

1 (g) The sale of computer software originally designed for the
2 exclusive use and special needs of the purchaser.

3 (h) The sale of a commercial advertising element if the
4 commercial advertising element is used to create or develop a
5 print, radio, television, or other advertisement, the commercial
6 advertising element is discarded or returned to the provider after
7 the advertising message is completed, and the commercial
8 advertising element is custom developed by the provider for the
9 purchaser. As used in this subdivision, "commercial advertising
10 element" means a negative or positive photographic image, an
11 audiotape or videotape master, a layout, a manuscript, writing of
12 copy, a design, artwork, an illustration, retouching, and
13 mechanical or keyline instructions. This exemption does not include
14 black and white or full color process separation elements, an
15 audiotape reproduction, or a videotape reproduction.

16 (i) A sale made outside of the ordinary course of the seller's
17 business.

18 (j) An isolated transaction by a person not licensed or
19 required to be licensed under this act, in which tangible personal
20 property is offered for sale, sold, or transferred and delivered by
21 the owner.

22 (k) The sale of oxygen for human use dispensed pursuant to a
23 prescription.

24 (l) The sale of insulin for human use.

25 Enacting section 1. This amendatory act does not take effect
26 unless all of the following bills of the 93rd Legislature are
27 enacted into law:

House Bill No. 5106 (H-3) as amended November 10, 2005

- 1 (a) House Bill No. 4342.
- 2 (b) House Bill No. 4972.
- 3 (c) House Bill No. 4973.
- 4 (d) House Bill No. 4980.
- 5 (e) House Bill No. 5095.
- 6 (f) House Bill No. 5096.
- 7 (g) House Bill No. 5097.
- 8 (h) House Bill No. 5098.
- 9 (i) House Bill No. 5107.
- 10 (j) House Bill No. 5108.
- 11 (k) Senate Bill No. 633.
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