

# HOUSE BILL No. 6026

November 8, 2012, Introduced by Rep. Gilbert and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled  
"Use tax act,"  
by amending sections 3 and 21 (MCL 205.93 and 205.111), section 3  
as amended by 2007 PA 103 and section 21 as amended by 2010 PA 37.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. (1) There is levied upon and there shall be collected  
2 from every person in this state a specific tax for the privilege of  
3 using, storing, or consuming tangible personal property in this  
4 state at a **TOTAL** rate equal to 6% of the price of the property or  
5 services specified in section 3a or 3b. The tax levied under this  
6 act applies to a person who acquires tangible personal property or  
7 services that are subject to the tax levied under this act for any  
8 tax-exempt use who subsequently converts the tangible personal  
9 property or service to a taxable use, including an interim taxable  
10 use. If tangible personal property or services are converted to a

1 taxable use, the tax levied under this act shall be imposed without  
2 regard to any subsequent tax-exempt use. Penalties and interest  
3 shall be added to the tax if applicable as provided in this act.  
4 For the purpose of the proper administration of this act and to  
5 prevent the evasion of the tax, all of the following shall be  
6 presumed:

7 (a) That tangible personal property purchased is subject to  
8 the tax if brought into this state within 90 days of the purchase  
9 date and is considered as acquired for storage, use, or other  
10 consumption in this state.

11 (b) That tangible personal property used solely for personal,  
12 nonbusiness purposes that is purchased outside of this state and  
13 that is not an aircraft is exempt from the tax levied under this  
14 act if 1 or more of the following conditions are satisfied:

15 (i) The property is purchased by a person who is not a resident  
16 of this state at the time of purchase and is brought into this  
17 state more than 90 days after the date of purchase.

18 (ii) The property is purchased by a person who is a resident of  
19 this state at the time of purchase and is brought into this state  
20 more than 360 days after the date of purchase.

21 (2) The tax imposed by this section for the privilege of  
22 using, storing, or consuming a vehicle, ORV, manufactured housing,  
23 aircraft, snowmobile, or watercraft shall be collected before the  
24 transfer of the vehicle, ORV, manufactured housing, aircraft,  
25 snowmobile, or watercraft, except a transfer to a licensed dealer  
26 or retailer for purposes of resale that arises by reason of a  
27 transaction made by a person who does not transfer vehicles, ORVs,

1 manufactured housing, aircraft, snowmobiles, or watercraft in the  
2 ordinary course of his or her business done in this state. The tax  
3 on a vehicle, ORV, snowmobile, and watercraft shall be collected by  
4 the secretary of state before the transfer of the vehicle, ORV,  
5 snowmobile, or watercraft registration. The tax on manufactured  
6 housing shall be collected by the department of ~~consumer and~~  
7 ~~industry services~~ **LICENSING AND REGULATORY AFFAIRS**, mobile home  
8 commission, or its agent before the transfer of the certificate of  
9 title. The tax on an aircraft shall be collected by the department  
10 of treasury. The price tax base of a new or previously owned car or  
11 truck held for resale by a dealer and that is not exempt under  
12 section 4(1)(c) is the purchase price of the car or truck  
13 multiplied by 2.5% plus \$30.00 per month beginning with the month  
14 that the dealer uses the car or truck in a nonexempt manner.

15 (3) The following transfers or purchases are not subject to  
16 use tax:

17 (a) A transaction or a portion of a transaction if the  
18 transferee or purchaser is the spouse, mother, father, brother,  
19 sister, child, stepparent, stepchild, stepbrother, stepsister,  
20 grandparent, grandchild, legal ward, or a legally appointed  
21 guardian with a certified letter of guardianship, of the  
22 transferor.

23 (b) A transaction or a portion of a transaction if the  
24 transfer is a gift to a beneficiary in the administration of an  
25 estate.

26 (c) If a vehicle, ORV, manufactured housing, aircraft,  
27 snowmobile, or watercraft that has once been subjected to the

1 Michigan sales or use tax is transferred in connection with the  
2 organization, reorganization, dissolution, or partial liquidation  
3 of an incorporated or unincorporated business and the beneficial  
4 ownership is not changed.

5 (d) If an insurance company licensed to conduct business in  
6 this state acquires ownership of a late model distressed vehicle as  
7 defined in section 12a of the Michigan vehicle code, 1949 PA 300,  
8 MCL 257.12a, through payment of damages in response to a claim or  
9 when the person who owned the vehicle before the insurance company  
10 reacquires ownership from the company as part of the settlement of  
11 a claim.

12 (4) The department may utilize the services, information, or  
13 records of any other department or agency of state government in  
14 the performance of its duties under this act, and other departments  
15 or agencies of state government are required to furnish those  
16 services, information, or records upon the request of the  
17 department.

18 (5) Any decrease in the rate of the tax levied under  
19 subsection (1) on services subject to tax under this act shall  
20 apply only to billings rendered on or after the effective date of  
21 the decrease.

22 Sec. 21. (1) Except as provided in subsections (2) and (3),  
23 all money received and collected under this act shall be deposited  
24 by the department of treasury in the state treasury to the credit  
25 of the general fund, to be disbursed only by appropriations by the  
26 legislature.

27 (2) The collections from the use tax imposed at the additional

1 rate of 2% approved by the electors March 15, 1994 shall be  
2 deposited in the state school aid fund established in section 11 of  
3 article IX of the state constitution of 1963.

4 ~~—— (3) For the fiscal year ending September 30, 2010 only,~~  
5 ~~\$9,500,000.00 shall be deposited by the department of treasury into~~  
6 ~~the Michigan promotion fund. As used in this subsection, "Michigan~~  
7 ~~promotion fund" means the fund created in section 39 of the~~  
8 ~~Michigan strategic fund act, 1984 PA 270, MCL 125.2039.~~