

# HOUSE BILL No. 5234

January 26, 2016, Introduced by Reps. Sarah Roberts, Faris, Hovey-Wright, Geiss, Dianda, Chang, Greig, Wittenberg, Liberati, Chirkun, Guerra, Durhal, Talabi, Greimel, Smiley, Brunner, Plawecki, Byrd, Derek Miller, Gay-Dagnogo, Irwin, Moss, Rutledge, Darany, Lane, Canfield, Callton and Lucido and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4a (MCL 205.54a), as amended by 2012 PA 126.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 4a. (1) Subject to subsection (2), the following are  
2 exempt from the tax under this act:

3           (a) A sale of tangible personal property not for resale to a  
4 nonprofit school, nonprofit hospital, or nonprofit home for the  
5 care and maintenance of children or aged persons operated by an  
6 entity of government, a regularly organized church, religious, or  
7 fraternal organization, a veterans' organization, or a corporation  
8 incorporated under the laws of this state, if the income or benefit  
9 from the operation does not inure, in whole or in part, to an  
10 individual or private shareholder, directly or indirectly, and if

1 the activities of the entity or agency are carried on exclusively  
2 for the benefit of the public at large and are not limited to the  
3 advantage, interests, and benefits of its members or any restricted  
4 group. A sale of tangible personal property to a parent cooperative  
5 preschool is exempt from taxation under this act. As used in this  
6 subdivision, "parent cooperative preschool" means a nonprofit,  
7 nondiscriminatory educational institution, maintained as a  
8 community service and administered by parents of children currently  
9 enrolled in the preschool, that provides an educational and  
10 developmental program for children younger than compulsory school  
11 age, that provides an educational program for parents, including  
12 active participation with children in preschool activities, that is  
13 directed by qualified preschool personnel, and that is licensed  
14 pursuant to 1973 PA 116, MCL 722.111 to 722.128.

15 (b) A sale of tangible personal property not for resale to a  
16 regularly organized church or house of religious worship, except  
17 the following:

18 (i) Sales in activities that are mainly commercial  
19 enterprises.

20 (ii) Sales of vehicles licensed for use on public highways  
21 other than a passenger van or bus with a manufacturer's rated  
22 seating capacity of 10 or more that is used primarily for the  
23 transportation of persons for religious purposes.

24 (c) The sale of food to bona fide enrolled students by a  
25 school or other educational institution not operated for profit.

26 (d) The sale of a vessel designated for commercial use of  
27 registered tonnage of 500 tons or more, if produced upon special

1 order of the purchaser, and bunker and galley fuel, provisions,  
2 supplies, maintenance, and repairs for the exclusive use of the  
3 vessel engaged in interstate commerce.

4 (e) A sale of tangible personal property to persons engaged in  
5 a business enterprise and using or consuming the tangible personal  
6 property in the tilling, planting, caring for, or harvesting of the  
7 things of the soil; in the breeding, raising, or caring for  
8 livestock, poultry, or horticultural products, including transfers  
9 of livestock, poultry, or horticultural products for further  
10 growth; or in the direct gathering of fish, by net, line, or  
11 otherwise only by an owner-operator of the business enterprise, not  
12 including a charter fishing business enterprise. This exemption  
13 includes machinery that is capable of simultaneously harvesting  
14 grain or other crops and biomass and machinery used for the purpose  
15 of harvesting biomass. This exemption includes agricultural land  
16 tile, which means fired clay or perforated plastic tubing used as  
17 part of a subsurface drainage system for land, and subsurface  
18 irrigation pipe, if the land tile or irrigation pipe is used in the  
19 production of agricultural products as a business enterprise. This  
20 exemption includes a portable grain bin, which means a structure  
21 that is used or is to be used to shelter grain and that is designed  
22 to be disassembled without significant damage to its component  
23 parts. This exemption also includes grain drying equipment and  
24 natural or propane gas used to fuel that equipment for agricultural  
25 purposes. This exemption does not include transfers of food, fuel,  
26 clothing, or any similar tangible personal property for personal  
27 living or human consumption. This exemption does not include

1 tangible personal property permanently affixed and becoming a  
2 structural part of real estate. As used in this subdivision,  
3 "biomass" means crop residue used to produce energy or agricultural  
4 crops grown specifically for the production of energy.

5 (f) The sale of a copyrighted motion picture film or a  
6 newspaper or periodical admitted under federal postal laws and  
7 regulations effective September 1, 1985 as second-class mail matter  
8 or as a controlled circulation publication or qualified to accept  
9 legal notices for publication in this state, as defined by law, or  
10 any other newspaper or periodical of general circulation,  
11 established not less than 2 years, and published not less than once  
12 a week. Tangible personal property used or consumed in producing a  
13 copyrighted motion picture film, a newspaper published more than 14  
14 times per year, or a periodical published more than 14 times per  
15 year, and not becoming a component part of that film, newspaper, or  
16 periodical is subject to the tax. Tangible personal property used  
17 or consumed in producing a newspaper published 14 times or less per  
18 year or a periodical published 14 times or less per year and that  
19 portion or percentage of tangible personal property used or  
20 consumed in producing an advertising supplement that becomes a  
21 component part of a newspaper or periodical is exempt from the tax  
22 under this subdivision. For purposes of this subdivision, tangible  
23 personal property that becomes a component part of a newspaper or  
24 periodical and consequently not subject to tax includes an  
25 advertising supplement inserted into and circulated with a  
26 newspaper or periodical that is otherwise exempt from tax under  
27 this subdivision, if the advertising supplement is delivered

1 directly to the newspaper or periodical by a person other than the  
2 advertiser, or the advertising supplement is printed by the  
3 newspaper or periodical.

4 (g) A sale of tangible personal property to persons licensed  
5 to operate commercial radio or television stations if the property  
6 is used in the origination or integration of the various sources of  
7 program material for commercial radio or television transmission.  
8 This subdivision does not include a vehicle licensed and titled for  
9 use on public highways or property used in the transmission to or  
10 receiving from an artificial satellite.

11 (h) The sale of a prosthetic device, durable medical  
12 equipment, or mobility enhancing equipment.

13 (i) The sale of a vehicle not for resale to a Michigan  
14 nonprofit corporation organized exclusively to provide a community  
15 with ambulance or fire department services.

16 (j) Before October 1, 2012, a sale of tangible personal  
17 property to inmates in a penal or correctional institution  
18 purchased with scrip or its equivalent issued and redeemed by the  
19 institution.

20 (k) A sale of textbooks sold by a public or nonpublic school  
21 to or for the use of students enrolled in any part of a  
22 kindergarten through twelfth grade program.

23 (l) A sale of tangible personal property installed as a  
24 component part of a water pollution control facility for which a  
25 tax exemption certificate is issued pursuant to part 37 of the  
26 natural resources and environmental protection act, 1994 PA 451,  
27 MCL 324.3701 to 324.3708, or an air pollution control facility for

1 which a tax exemption certificate is issued pursuant to part 59 of  
2 the natural resources and environmental protection act, 1994 PA  
3 451, MCL 324.5901 to 324.5908.

4 (m) The sale or lease of the following to an industrial  
5 laundry after December 31, 1997:

6 (i) Textiles and disposable products including, but not  
7 limited to, soap, paper, chemicals, tissues, deodorizers and  
8 dispensers, and all related items such as packaging, supplies,  
9 hangers, name tags, and identification tags.

10 (ii) Equipment, whether owned or leased, used to repair and  
11 dispense textiles including, but not limited to, roll towel  
12 cabinets, slings, hardware, lockers, mop handles and frames, and  
13 carts.

14 (iii) Machinery, equipment, parts, lubricants, and repair  
15 services used to clean, process, and package textiles and related  
16 items, whether owned or leased.

17 (iv) Utilities such as electric, gas, water, or oil.

18 (v) Production washroom equipment and mending and packaging  
19 supplies and equipment.

20 (vi) Material handling equipment including, but not limited  
21 to, conveyors, racks, and elevators and related control equipment.

22 (vii) Wastewater pretreatment equipment and supplies and  
23 related maintenance and repair services.

24 (n) A sale of tangible personal property to a person holding a  
25 direct payment permit under section 8 of the use tax act, 1937 PA  
26 94, MCL 205.98.

27 **(O) THE SALE OF FEMININE HYGIENE PRODUCTS AFTER JUNE 30, 2016.**

1 AS USED IN THIS SUBDIVISION, "FEMININE HYGIENE PRODUCTS" MEANS  
2 TAMPONS, SANITARY NAPKINS, AND OTHER SIMILAR TANGIBLE PERSONAL  
3 PROPERTY.

4 (2) The tangible personal property under subsection (1) is  
5 exempt only to the extent that that property is used for the exempt  
6 purpose if one is stated in subsection (1). The exemption is  
7 limited to the percentage of exempt use to total use determined by  
8 a reasonable formula or method approved by the department.