

Legislative Analysis



AMEND DEFINITON OF CONVERTED VEHICLE

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Senate Bill 326 (S-2) as reported from House committee

Sponsor: Sen. Sam Singh

House Committee: Insurance and Financial Services

Senate Committee: Finance, Insurance, and Consumer Protection

Complete to 6-21-23

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 94 of 2023)

SUMMARY:

Senate Bill 326 would amend the Use Tax Act to change when a vehicle purchased for resale is converted, or changed from a tax-exempt use to a non-exempt use.

Currently, a motor vehicle that is purchased for resale by a new vehicle dealer licensed under section 248(8)(a) of the Michigan Vehicle Code¹ is not considered to be converted if the vehicle is not *titled* in the name of the dealer before the sale or lease by the dealer. The bill would change this provision so a vehicle would not be considered converted if it is not *registered* in the name of the dealer before the sale or lease.

MCL 205.92

BACKGROUND:

According to committee testimony, the secretary of state is slated to switch to an electronic titling system in October of 2023 under which many cars purchased by dealers for resale will have an electronic title. The bill is intended to update the Use Tax Act to ensure that these vehicles purchased for resale remain exempt under the act.

FISCAL IMPACT:

As written, the bill would exempt transfers of ownership traditionally untaxed by the secretary of state that might be subject to tax as a result of the implementation of a new filing system. By exempting these transfers, the bill would not change existing revenue forecasts.

POSITIONS:

A representative of Auto Dealers of Michigan testified in support of the bill (6-8-23).

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Fiscal Analyst: Jim Stansell

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¹ <http://legislature.mi.gov/doc.aspx?mcl-257-248>