

**SUBSTITUTE FOR
SENATE BILL NO. 277**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 25 (MCL 205.75), as amended by 2025 PA 17.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25. (1) All money received and collected under this act
2 must be deposited by the department in the state treasury to the
3 credit of the general fund, except as otherwise provided in this
4 section.

5 (2) Fifteen percent of the collections of the tax imposed at a
6 rate of 4% must be distributed to cities, villages, and townships
7 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971
8 PA 140, MCL 141.901 to 141.921.

9 (3) Sixty percent of the collections of the tax imposed at a



1 rate of 4% must be deposited in the state school aid fund and
2 distributed as provided by law. In addition, all of the collections
3 of the tax imposed at the additional rate of 2% approved by the
4 electors on March 15, 1994 must be deposited in the state school
5 aid fund.

6 (4) Except as otherwise provided in this subsection, not less
7 than 27.9% of 25% of the collections of the general sales tax
8 imposed at a rate of 4% directly or indirectly on fuels sold to
9 propel motor vehicles upon highways, on the sale of motor vehicles,
10 and on the sale of the parts and accessories of motor vehicles by
11 new and used car businesses, used car businesses, accessory dealer
12 businesses, and gasoline station businesses as classified by the
13 department must be deposited each year into the comprehensive
14 transportation fund. For the fiscal year ending September 30, 2021
15 only, the amount deposited into the comprehensive transportation
16 fund under this subsection must be reduced by \$18,000,000.00 and
17 that \$18,000,000.00 must be deposited into the transportation
18 administration collection fund.

19 (5) **Beginning with the 2025-2026 fiscal year and for each**
20 **subsequent fiscal year, the amount calculated and reported to the**
21 **department under section 43546 of the natural resources and**
22 **environmental protection act, 1994 PA 451, MCL 324.43546, of the**
23 **tax imposed at a rate of 4% must be deposited in the game and fish**
24 **protection account established under section 2010 of the natural**
25 **resources and environmental protection act, 1994 PA 451, MCL**
26 **324.2010, and credited respectively to the pheasant subaccount**
27 **created in section 43525c of the natural resources and**
28 **environmental protection act, 1994 PA 451, MCL 324.43525c, and the**
29 **cold-water subaccount created in section 43532 of the natural**



1 **resources and environmental protection act, 1994 PA 451, MCL**
2 **324.43532.**

3 **(6)** ~~(5)~~—Beginning October 1, 2016 and the first day of each
4 calendar quarter thereafter, an amount equal to the collections for
5 the calendar quarter that is 2 calendar quarters immediately
6 preceding the current calendar quarter of the tax imposed under
7 this act at the additional rate of 2% approved by the electors on
8 March 15, 1994 from the sale at retail of aviation fuel must be
9 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 sale at retail of aviation fuel must
12 be deposited in the state aeronautics fund and must be expended, on
13 appropriation, only for those purposes authorized in the
14 aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1
15 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 sale at retail of aviation fuel must
18 be deposited in the qualified airport fund and must be expended, on
19 appropriation, only for those purposes authorized under section 35
20 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL
21 259.35.

22 **(7)** ~~(6)~~—The department shall, on an annual basis, reconcile
23 the amounts distributed under subsection ~~(5)~~—**(6)** during each fiscal
24 year with the amounts actually collected for a particular fiscal
25 year and shall make any necessary adjustments, positive or
26 negative, to the amounts to be distributed for the next successive
27 calendar quarter that begins January 1. The state treasurer or the
28 state treasurer's designee shall annually provide to the operator
29 of each qualified airport a report of the reconciliation performed



1 under 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 **(8)** ~~(7)~~—An amount equal to the collections of the tax imposed
5 at a rate of 4% under this act from the sale at retail of computer
6 software must be deposited in the Michigan health initiative fund
7 created in section 5911 of the public health code, 1978 PA 368, MCL
8 333.5911, and must be considered in addition to, and is not
9 intended as a replacement for any other money appropriated to the
10 department of health and human services. The funds deposited in the
11 Michigan health initiative fund on an annual basis must not be less
12 than \$9,000,000.00 or more than \$12,000,000.00.

13 **(9)** ~~(8)~~—In addition to the money deposited in the state school
14 aid fund under subsection (3), from the collections of the tax
15 imposed at a rate of 4% under this act, an amount equal to the sum
16 of the following, as determined by the department, must be
17 deposited into the state school aid fund:

18 (a) All revenue lost to the state school aid fund as a result
19 of the exemption under section 4a(1)(u).

20 (b) All revenue lost to the state school aid fund as a result
21 of the exemption under section 4ee. A person that claims an
22 exemption under section 4ee shall report the sales price of the
23 data center equipment as that term is defined in section 4ee and
24 any other information necessary to determine the amount of revenue
25 lost to the state school aid fund as a result of the exemption
26 under section 4ee annually on a form at the time and in a manner
27 prescribed by the department. The report required under this
28 subdivision must not include any remittance for tax, and does not
29 constitute a return or otherwise alleviate any obligations under



1 section 6.

2 (c) All revenue lost to the state school aid fund as a result
3 of the exclusion under section 1(1)(d)(xv).

4 (d) All revenue lost to the state school aid fund as a result
5 of both of the following:

6 (i) The exemption under section 4gg.

7 (ii) The exemption under section 4gg of the use tax act, 1937
8 PA 94, MCL 205.94gg.

9 **(10)** ~~(9)~~—The balance in the state general fund shall be
10 disbursed only on an appropriation or appropriations by the
11 legislature.

12 **(11)** ~~(10)~~—As used in this section:

13 (a) "Aviation fuel" means fuel as that term is defined in
14 section 4 of the aeronautics code of the state of Michigan, 1945 PA
15 327, MCL 259.4.

16 (b) "Comprehensive transportation fund" means the
17 comprehensive transportation fund created in section 10b of 1951 PA
18 51, MCL 247.660b.

19 (c) "Qualified airport" means that term as defined in section
20 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
21 MCL 259.109.

22 (d) "Qualified airport fund" means the qualified airport fund
23 created in section 34(2) of the aeronautics code of the state of
24 Michigan, 1945 PA 327, MCL 259.34.

25 (e) "State aeronautics fund" means the state aeronautics fund
26 created in section 34(1) of the aeronautics code of the state of
27 Michigan, 1945 PA 327, MCL 259.34.

28 (f) "State school aid fund" means the state school aid fund
29 established in section 11 of article IX of the state constitution



1 of 1963.

2 (g) "Transportation administration collection fund" means the
3 transportation administration collection fund created in section
4 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

5 Enacting section 1. This amendatory act does not take effect
6 unless Senate Bill No. 276 of the 103rd Legislature is enacted into
7 law.

