SUBSTITUTE FOR

SENATE BILL NO. 358

A bill to amend 1937 PA 94, entitled

"Use tax act,"

by amending section 21 (MCL 205.111), as amended by 2025 PA 19.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 21. (1) Except as otherwise provided in this section, all money received and collected under this act must be deposited by the department in the state treasury to the credit of the general fund, to be disbursed only by appropriations by the legislature.

(2) The collections from the use tax imposed at the additional rate of 2% approved by the electors on March 15, 1994 must be deposited in the state school aid fund.

(3) In addition to the money deposited in the state school aid fund under subsection (2), ~~from the money received and collected~~

~~under this act for the state share, an amount equal to the sum of the following, as determined by the department, must be deposited in the state school aid fund:~~

~~(a) All revenue lost under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, as a result of the exemption of personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.~~

~~(b) All revenue lost from basic school operating mills as a result of the exemption of personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.~~

~~(c) All revenue lost to the state school aid fund as a result of the exemption under section 4(1)(gg).~~

~~(d) All revenue lost to the state school aid fund as a result of the exemption under section 4cc. A person that claims an exemption under section 4cc shall report the purchase price of the data center equipment as that term is defined in section 4cc and any other information necessary to determine the amount of revenue lost to the state school aid fund as a result of the exemption under section 4cc annually on a form at the time and in a manner prescribed by the department. The report required under this subdivision must not include any remittance for tax and does not constitute a return or otherwise alleviate the person's obligations under section 6.~~

~~(e) All revenue lost to the state school aid fund as a result of the exclusion under section 2(1)(f)(*xv*).~~ **beginning with the fiscal year ending September 30, 2026 and for each fiscal year thereafter, the state treasurer shall transfer $16,000,000.00 from the general fund to the state school aid fund. For the fiscal year**

ending September 30, 2027 and each fiscal year thereafter, the state treasurer shall adjust the figure described in this subsection by an amount determined by the state treasurer to reflect the annual percentage change in the Consumer Price Index for the calendar year ending during that fiscal year. If the annual percentage change in the Consumer Price Index is negative for any fiscal year, then the adjustment for that fiscal year is zero. As used in this subsection, "Consumer Price Index" means the United State Consumer Price Index for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Labor Statistics.

(4) Money received and collected under this act for the local community stabilization share is not state funds, must not be credited to the state treasury, and must be transmitted to the authority for deposit in the treasury of the authority, to be disbursed by the authority only as authorized under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362. The local community stabilization share is a local tax, not a state tax, and money received and collected for the local community stabilization share is money of the authority and not money of this state.

(5) Beginning October 1, 2016 and the first day of each calendar quarter thereafter, from the money received and collected under this act for the state share, an amount equal to the collections for the calendar quarter that is 2 calendar quarters immediately preceding the current calendar quarter of the tax imposed under this act at the additional rate of 2% approved by the electors on March 15, 1994 from the use, storage, or consumption of aviation fuel must be distributed as follows:

(a) An amount equal to 35% of the collections of the tax imposed at a rate of 2% on the use, storage, or consumption of aviation fuel must be deposited in the state aeronautics fund and must be expended, on appropriation, only for those purposes authorized in the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208.

(b) An amount equal to 65% of the collections of the tax imposed at a rate of 2% on the use, storage, or consumption of aviation fuel must be deposited in the qualified airport fund and must be expended, on appropriation, only for those purposes authorized under section 35 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.35.

(6) The department shall, on an annual basis, reconcile the amounts distributed under subsection (5) during each fiscal year with the amounts actually collected for a particular fiscal year and shall make any necessary adjustments, positive or negative, to the amounts to be distributed for the next successive calendar quarter that begins January 1. The state treasurer or the state treasurer's designee shall annually provide to the operator of each qualified airport a report of the reconciliation performed under this subsection. The reconciliation report is subject to the confidentiality restrictions and penalties provided in section 28(1)(f) of 1941 PA 122, MCL 205.28.

(7) Beginning with the fiscal year ending September 30, 2024 and each fiscal year thereafter, from the money received and collected under this act for the state share, $75,000,000.00 must be deposited into the local government reimbursement fund created in section 3a of the Michigan trust fund act, 2000 PA 489, MCL 12.253a.

(8) As used in this section:

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

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

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

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

(e) "State school aid fund" means the state school aid fund established in section 11 of article IX of the state constitution of 1963.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 357 of the 103rd Legislature is enacted into law.