

HOUSE BILL No. 4627

April 25, 2013, Introduced by Reps. Rutledge, Irwin, Geiss, Faris, Stallworth, Tlaib, Townsend, Lipton, Hovey-Wright, Ananich and Switalski and referred to the Committee on Transportation and Infrastructure.

A bill to amend 1937 PA 94, entitled
 "Use tax act,"
 by amending section 3 (MCL 205.93), as amended by 2012 PA 408.

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
 11 taxable use, the tax levied under this act shall be imposed without
 12 regard to any subsequent tax-exempt use. Penalties and interest

1 shall be added to the tax if applicable as provided in this act.
2 For the purpose of the proper administration of this act and to
3 prevent the evasion of the tax, all of the following shall be
4 presumed:

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

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

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

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

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

1 on a vehicle, ORV, snowmobile, and watercraft shall be collected by
2 the secretary of state before the transfer of the vehicle, ORV,
3 snowmobile, or watercraft registration. The tax on manufactured
4 housing shall be collected by the department of licensing and
5 regulatory affairs, mobile home commission, or its agent before the
6 transfer of the certificate of title. The tax on an aircraft shall
7 be collected by the department of treasury. The price tax base of a
8 new or previously owned car or truck held for resale by a dealer
9 and that is not exempt under section 4(1)(c) is the purchase price
10 of the car or truck multiplied by 2.5% plus \$30.00 per month
11 beginning with the month that the dealer uses the car or truck in a
12 nonexempt manner.

13 (3) The following transfers or purchases are not subject to
14 use tax:

15 (a) A transaction or a portion of a transaction if the
16 transferee or purchaser is the spouse, **DOMESTIC PARTNER**, mother,
17 father, brother, sister, child, stepparent, stepchild, stepbrother,
18 stepsister, grandparent, grandchild, legal ward, or a legally
19 appointed guardian with a certified letter of guardianship, of the
20 transferor. **AS USED IN THIS SUBDIVISION, "DOMESTIC PARTNER" MEANS A**
21 **PERSON, OTHER THAN A SPOUSE, WITH WHOM THE TRANSFEROR OR PURCHASER**
22 **COHABITS.**

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 or of
14 the authority in the performance of its duties under this act, and
15 other departments or agencies of state government and the authority
16 are required to furnish those services, information, or records
17 upon the request of the department.

18 (5) Beginning on October 1, 2015, the specific tax levied
19 under subsection (1) includes both a state component tax levied by
20 this state and a metropolitan areas component tax levied by the
21 authority at the following rates in each of the following state
22 fiscal years:

23 (a) For fiscal year 2015-2016, the metropolitan areas
24 component rate is that rate calculated by the department of
25 treasury sufficient to generate \$41,700,000.00 in revenue and the
26 state component rate is that rate determined by subtracting the
27 metropolitan areas component rate from 6%.

1 (b) For fiscal year 2016-2017, the metropolitan areas
2 component rate is that rate calculated by the department of
3 treasury sufficient to generate \$257,500,000.00 in revenue and the
4 state component rate is that rate determined by subtracting the
5 metropolitan areas component rate from 6%.

6 (c) For fiscal year 2017-2018, the metropolitan areas
7 component rate is that rate calculated by the department of
8 treasury sufficient to generate \$277,100,000.00 in revenue and the
9 state component rate is that rate determined by subtracting the
10 metropolitan areas component rate from 6%.

11 (d) For fiscal year 2018-2019, the metropolitan areas
12 component rate is that rate calculated by the department of
13 treasury sufficient to generate \$293,800,000.00 in revenue and the
14 state component rate is that rate determined by subtracting the
15 metropolitan areas component rate from 6%.

16 (e) For fiscal year 2019-2020, the metropolitan areas
17 component rate is that rate calculated by the department of
18 treasury sufficient to generate \$311,300,000.00 in revenue and the
19 state component rate is that rate determined by subtracting the
20 metropolitan areas component rate from 6%.

21 (f) For fiscal year 2020-2021, the metropolitan areas
22 component rate is that rate calculated by the department of
23 treasury sufficient to generate \$326,800,000.00 in revenue and the
24 state component rate is that rate determined by subtracting the
25 metropolitan areas component rate from 6%.

26 (g) For fiscal year 2021-2022, the metropolitan areas
27 component rate is that rate calculated by the department of

1 treasury sufficient to generate \$345,200,000.00 in revenue and the
2 state component rate is that rate determined by subtracting the
3 metropolitan areas component rate from 6%.

4 (h) For fiscal year 2022-2023, the metropolitan areas
5 component rate is that rate calculated by the department of
6 treasury sufficient to generate \$362,400,000.00 in revenue and the
7 state component rate is that rate determined by subtracting the
8 metropolitan areas component rate from 6%.

9 (i) For fiscal year 2023-2024 and each fiscal year thereafter,
10 the metropolitan areas component rate is that rate calculated by
11 the department of treasury sufficient to generate the amount
12 distributed under this section in the immediately preceding year
13 adjusted by an industrial and commercial personal property growth
14 factor calculated by the department of treasury and the state
15 component rate is that rate determined by subtracting the
16 metropolitan areas component rate from 6%.

17 (6) The state component includes the portion of the use tax
18 imposed at the additional rate of 2% approved by the electors of
19 this state on March 15, 1994 and dedicated for aid to schools under
20 section 21(2). The metropolitan areas component does not include
21 the portion of the use tax imposed at the additional rate of 2%
22 approved by the electors of this state on March 15, 1994.

23 (7) The total combined rate of the tax levied by this state
24 and the authority under this act, including both the state
25 component and the metropolitan areas component, shall not exceed
26 6%.