

# SENATE BILL NO. 1071

June 09, 2022, Introduced by Senator SCHMIDT and referred to the Committee on Finance.

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 25 (MCL 205.75), as amended by 2021 PA 108.

**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

1 rate of 4% must be distributed to cities, villages, and townships  
2 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971  
3 PA 140, MCL 141.901 to 141.921.

4 (3) Sixty percent of the collections of the tax imposed at a  
5 rate of 4% must be deposited in the state school aid fund  
6 established in section 11 of article IX of the state constitution  
7 of 1963 and distributed as provided by law. In addition, all of the  
8 collections of the tax imposed at the additional rate of 2%  
9 approved by the electors on March 15, 1994 must be deposited in the  
10 state school aid fund.

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

24 (5) Beginning October 1, 2016 and the first day of each  
25 calendar quarter thereafter, an amount equal to the collections for  
26 the calendar quarter that is 2 calendar quarters immediately  
27 preceding the current calendar quarter of the tax imposed under  
28 this act at the additional rate of 2% approved by the electors on  
29 March 15, 1994 from the sale at retail of aviation fuel must be

1 distributed as follows:

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

8 (b) An amount equal to 65% of the collections of the tax  
9 imposed at a rate of 2% on the sale at retail of aviation fuel must  
10 be deposited in the qualified airport fund and must be expended, on  
11 appropriation, only for those purposes authorized under section 35  
12 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL  
13 259.35.

14 (6) The department shall, on an annual basis, reconcile the  
15 amounts distributed under subsection (5) during each fiscal year  
16 with the amounts actually collected for a particular fiscal year  
17 and shall make any necessary adjustments, positive or negative, to  
18 the amounts to be distributed for the next successive calendar  
19 quarter that begins January 1. The state treasurer or his or her  
20 designee shall annually provide to the operator of each qualified  
21 airport a report of the reconciliation performed under this  
22 subsection. The reconciliation report is subject to the  
23 confidentiality restrictions and penalties provided in section  
24 28(1)(f) of 1941 PA 122, MCL 205.28.

25 (7) An amount equal to the collections of the tax imposed at a  
26 rate of 4% under this act from the sale at retail of computer  
27 software must be deposited in the Michigan health initiative fund  
28 created in section 5911 of the public health code, 1978 PA 368, MCL  
29 333.5911, and must be considered in addition to, and is not

1 intended as a replacement for any other money appropriated to the  
2 department of health and human services. The funds deposited in the  
3 Michigan health initiative fund on an annual basis must not be less  
4 than \$9,000,000.00 or more than \$12,000,000.00.

5 (8) An amount equal to all revenue lost to the state school  
6 aid fund as a result of the exemptions under sections 4a(1)(u) and  
7 4ee, as determined by the department, must be deposited into the  
8 state school aid fund established in section 11 of article IX of  
9 the state constitution of 1963. Money deposited into the state  
10 school aid fund under this subsection must not include and must be  
11 considered in addition to money deposited in the state school aid  
12 fund under subsection (3). A person that claims an exemption under  
13 section 4ee shall report the sales price of the data center  
14 equipment as defined in section 4ee and any other information  
15 necessary to determine the amount of revenue lost to the state  
16 school aid fund as a result of the exemption under section 4ee  
17 annually on a form at the time and in a manner prescribed by the  
18 department. The report required under this subsection must not  
19 include any remittance for tax, and does not constitute a return or  
20 otherwise alleviate any obligations under section 6.

21 (9) **In addition to the money deposited in the state**  
22 **aeronautics fund under subsection (5)(a), for the fiscal year**  
23 **ending September 30, 2022 and each fiscal year thereafter, except**  
24 **as otherwise provided in this subsection, an amount equal to the**  
25 **collections of the tax imposed at a rate of 4% under this act from**  
26 **the sale at retail of aviation fuel must be deposited in the state**  
27 **aeronautics fund and must be expended, on appropriation, only for**  
28 **those purposes authorized in the aeronautics code of the state of**  
29 **Michigan, 1945 PA 327, MCL 259.1 to 259.208. Not less than**

1 **\$10,000,000.00 must be deposited in the state aeronautics fund on**  
2 **an annual basis under this subsection.**

3 (10) ~~(9)~~—The balance in the state general fund shall be  
4 disbursed only on an appropriation or appropriations by the  
5 legislature.

6 (11) ~~(10)~~—As used in this section:

7 (a) "Aviation fuel" means fuel as that term is defined in  
8 section 4 of the aeronautics code of the state of Michigan, 1945 PA  
9 327, MCL 259.4.

10 (b) "Comprehensive transportation fund" means the  
11 comprehensive transportation fund created in section 10b of 1951 PA  
12 51, MCL 247.660b.

13 (c) "Qualified airport" means that term as defined in section  
14 109 of the aeronautics code of the state of Michigan, 1945 PA 327,  
15 MCL 259.109.

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

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

22 (f) "Transportation administration collection fund" means the  
23 transportation administration collection fund created in section  
24 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.