

# SENATE BILL No. 672

June 25, 2009, Introduced by Senators CASSIS and PAPPAGEORGE and referred to the Committee on Finance.

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending section 1 (MCL 205.51), as amended by 2008 PA 438.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. (1) As used in this act:

2       (a) "Person" means an individual, firm, partnership, joint  
3       venture, association, social club, fraternal organization,  
4       municipal or private corporation whether organized for profit or  
5       not, company, estate, trust, receiver, trustee, syndicate, the  
6       United States, this state, county, or any other group or  
7       combination acting as a unit, and includes the plural as well as  
8       the singular number, unless the intention to give a more limited  
9       meaning is disclosed by the context.

10       (b) "Sale at retail" or "retail sale" means a sale, lease, or  
11       rental of tangible personal property for any purpose other than for

1 resale, sublease, or subrent.

2 (c) "Gross proceeds" means sales price.

3 (d) "Sales price" means the total amount of consideration,  
4 including cash, credit, property, and services, for which tangible  
5 personal property or services are sold, leased, or rented, valued  
6 in money, whether received in money or otherwise, and applies to  
7 the measure subject to sales tax. Sales price includes the  
8 following subparagraphs (i) through (vii) and excludes subparagraphs  
9 (viii) through ~~(x)~~-(xi):

10 (i) Seller's cost of the property sold.

11 (ii) Cost of materials used, labor or service cost, interest,  
12 losses, costs of transportation to the seller, taxes imposed on the  
13 seller other than taxes imposed by this act, and any other expense  
14 of the seller.

15 (iii) Charges by the seller for any services necessary to  
16 complete the sale, other than the following:

17 (A) An amount received or billed by the taxpayer for  
18 remittance to the employee as a gratuity or tip, if the gratuity or  
19 tip is separately identified and itemized on the guest check or  
20 billed to the customer.

21 (B) Labor or service charges involved in maintenance and  
22 repair work on tangible personal property of others if separately  
23 itemized.

24 (iv) Delivery charges incurred or to be incurred before the  
25 completion of the transfer of ownership of tangible personal  
26 property subject to the tax levied under this act from the seller  
27 to the purchaser. A seller is not liable under this act for

1 delivery charges allocated to the delivery of exempt property.

2 (v) Installation charges incurred or to be incurred before the  
3 completion of the transfer of ownership of tangible personal  
4 property from the seller to the purchaser.

5 (vi) Credit for any trade-in.

6 (vii) Except as otherwise provided in subparagraph (x),  
7 consideration received by the seller from third parties if all of  
8 the following conditions are met:

9 (A) The seller actually receives consideration from a party  
10 other than the purchaser and the consideration is directly related  
11 to a price reduction or discount on the sale.

12 (B) The seller has an obligation to pass the price reduction  
13 or discount through to the purchaser.

14 (C) The amount of the consideration attributable to the sale  
15 is fixed and determinable by the seller at the time of the sale of  
16 the item to the purchaser.

17 (D) One of the following criteria is met:

18 (I) The purchaser presents a coupon, certificate, or other  
19 documentation to the seller to claim a price reduction or discount  
20 where the coupon, certificate, or documentation is authorized,  
21 distributed, or granted by a third party with the understanding  
22 that the third party will reimburse any seller to whom the coupon,  
23 certificate, or documentation is presented.

24 (II) The purchaser identifies himself or herself to the seller  
25 as a member of a group or organization entitled to a price  
26 reduction or discount. A preferred customer card that is available  
27 to any patron does not constitute membership in a group or

1 organization.

2 (III) The price reduction or discount is identified as a third  
3 party price reduction or discount on the invoice received by the  
4 purchaser or on a coupon, certificate, or other documentation  
5 presented by the purchaser.

6 (viii) Interest, financing, or carrying charges from credit  
7 extended on the sale of personal property or services, if the  
8 amount is separately stated on the invoice, bill of sale, or  
9 similar document given to the purchaser.

10 (ix) Any taxes legally imposed directly on the consumer that  
11 are separately stated on the invoice, bill of sale, or similar  
12 document given to the purchaser.

13 (x) Beginning January 1, 2000, employee discounts that are  
14 reimbursed by a third party on sales of motor vehicles.

15 **(xi) A CORE CHARGE ATTRIBUTABLE TO A RECYCLING FEE, DEPOSIT, OR**  
16 **DISPOSAL FEE FOR HEAVY EARTHMOVING EQUIPMENT OR A COMPONENT, PART,**  
17 **OR BATTERY FOR HEAVY EARTHMOVING EQUIPMENT.**

18 (e) "Business" includes an activity engaged in by a person or  
19 caused to be engaged in by that person with the object of gain,  
20 benefit, or advantage, either direct or indirect.

21 (f) "Tax year" or "taxable year" means the fiscal year of the  
22 state or the taxpayer's fiscal year if permission is obtained by  
23 the taxpayer from the department to use the taxpayer's fiscal year  
24 as the tax period instead.

25 (g) "Department" means the department of treasury.

26 (h) "Taxpayer" means a person subject to a tax under this act.

27 (i) "Tax" includes a tax, interest, or penalty levied under

1 this act.

2 (j) "Textiles" means goods that are made of or incorporate  
3 woven or nonwoven fabric, including, but not limited to, clothing,  
4 shoes, hats, gloves, handkerchiefs, curtains, towels, sheets,  
5 pillows, pillow cases, tablecloths, napkins, aprons, linens, floor  
6 mops, floor mats, and thread. Textiles also include materials used  
7 to repair or construct textiles, or other goods used in the rental,  
8 sale, or cleaning of textiles.

9 (2) If the department determines that it is necessary for the  
10 efficient administration of this act to regard an unlicensed  
11 person, including a salesperson, representative, peddler, or  
12 canvasser as the agent of the dealer, distributor, supervisor, or  
13 employer under whom the unlicensed person operates or from whom the  
14 unlicensed person obtains the tangible personal property sold by  
15 the unlicensed person, irrespective of whether the unlicensed  
16 person is making sales on the unlicensed person's own behalf or on  
17 behalf of the dealer, distributor, supervisor, or employer, the  
18 department may so regard the unlicensed person and may regard the  
19 dealer, distributor, supervisor, or employer as making sales at  
20 retail at the retail price for the purposes of this act.