

SUBSTITUTE FOR
HOUSE BILL NO. 6278

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4q (MCL 205.94q), as amended by 2002 PA 456.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4q. (1) The tax levied under this act does not apply to
2 the purchase of machinery and equipment for use or consumption in
3 the rendition of any combination of services, the use or
4 consumption of which is taxable under section ~~3a(a)~~ **3A(1)(A)** or
5 (c) or 3b except that this exemption is limited to the tangible
6 personal property located on the premises of the subscriber and to
7 central office equipment or wireless equipment, directly used or
8 consumed in transmitting, receiving, or switching, or in the
9 monitoring of switching of a 2-way interactive communication. As

1 used in this subsection, central office equipment or wireless
2 equipment does not include distribution equipment including cable
3 or wire facilities.

4 (2) Beginning April 1, 1999, the property under subsection (1)
5 is exempt only to the extent that the property is used for the
6 exempt purposes stated in this section. There is an irrebuttable
7 presumption that 90% of total use is for exempt purposes. ~~This~~
8 ~~presumption is in effect until April 1, 2006, at which time the~~
9 ~~presumption shall be reviewed and redetermined by the department of~~
10 ~~treasury using nonexempt and exempt user information for the~~
11 ~~previous 12 month period. That redetermined irrebuttable~~
12 ~~presumption shall be in effect for the following 7 years. The~~
13 ~~irrebuttable presumption shall be reviewed and redetermined every 7~~
14 ~~years after April 1, 2006 and applied to the following 7 years.~~