

HOUSE BILL No. 4658

May 18, 2011, Introduced by Reps. Forlini, Moss, Lori, Pettalia, Franz, Agema, Tyler, Crawford, LaFontaine, Knollenberg, Cotter, Somerville, MacGregor, Horn, MacMaster, Kowall, McMillin, Johnson, Lund, Lane, Wayne Schmidt, Goike, Pscholka, Ananich and Dillon and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 4a (MCL 205.54a), as amended by 2008 PA 415.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4a. (1) Subject to subsection (2), the following are
2 exempt from the tax under this act:

3 (a) A sale of tangible personal property not for resale to a
4 nonprofit school, nonprofit hospital, or nonprofit home for the
5 care and maintenance of children or aged persons operated by an
6 entity of government, a regularly organized church, religious, or
7 fraternal organization, a veterans' organization, or a corporation
8 incorporated under the laws of this state, if the income or benefit
9 from the operation does not inure, in whole or in part, to an
10 individual or private shareholder, directly or indirectly, and if

1 the activities of the entity or agency are carried on exclusively
2 for the benefit of the public at large and are not limited to the
3 advantage, interests, and benefits of its members or any restricted
4 group. A sale of tangible personal property to a parent cooperative
5 preschool is exempt from taxation under this act. As used in this
6 subdivision, "parent cooperative preschool" means a nonprofit,
7 nondiscriminatory educational institution, maintained as a
8 community service and administered by parents of children currently
9 enrolled in the preschool, that provides an educational and
10 developmental program for children younger than compulsory school
11 age, that provides an educational program for parents, including
12 active participation with children in preschool activities, that is
13 directed by qualified preschool personnel, and that is licensed
14 pursuant to 1973 PA 116, MCL 722.111 to 722.128.

15 (b) A sale of tangible personal property not for resale to a
16 regularly organized church or house of religious worship, except
17 the following:

18 (i) Sales in activities that are mainly commercial enterprises.

19 (ii) Sales of vehicles licensed for use on public highways
20 other than a passenger van or bus with a manufacturer's rated
21 seating capacity of 10 or more that is used primarily for the
22 transportation of persons for religious purposes.

23 (c) The sale of food to bona fide enrolled students by a
24 school or other educational institution not operated for profit.

25 (d) The sale of a vessel designated for commercial use of
26 registered tonnage of 500 tons or more, if produced upon special
27 order of the purchaser, and bunker and galley fuel, provisions,

1 supplies, maintenance, and repairs for the exclusive use of the
2 vessel engaged in interstate commerce.

3 (e) A sale of tangible personal property to persons engaged in
4 a business enterprise and using or consuming the tangible personal
5 property in the tilling, planting, caring for, or harvesting of the
6 things of the soil; in the breeding, raising, or caring for
7 livestock, poultry, or horticultural products, including transfers
8 of livestock, poultry, or horticultural products for further
9 growth; or in the direct gathering of fish, by net, line, or
10 otherwise only by an owner-operator of the business enterprise, not
11 including a charter fishing business enterprise. This exemption
12 includes machinery that is capable of simultaneously harvesting
13 grain or other crops and biomass and machinery used for the purpose
14 of harvesting biomass. This exemption includes agricultural land
15 tile, which means fired clay or perforated plastic tubing used as
16 part of a subsurface drainage system for land, and subsurface
17 irrigation pipe, if the land tile or irrigation pipe is used in the
18 production of agricultural products as a business enterprise. This
19 exemption includes a portable grain bin, which means a structure
20 that is used or is to be used to shelter grain and that is designed
21 to be disassembled without significant damage to its component
22 parts. This exemption also includes grain drying equipment and
23 natural or propane gas used to fuel that equipment for agricultural
24 purposes. This exemption does not include transfers of food, fuel,
25 clothing, or any similar tangible personal property for personal
26 living or human consumption. This exemption does not include
27 tangible personal property permanently affixed and becoming a

1 structural part of real estate. As used in this subdivision,
2 "biomass" means crop residue used to produce energy or agricultural
3 crops grown specifically for the production of energy.

4 (f) The sale of a copyrighted motion picture film or a
5 newspaper or periodical admitted under federal postal laws and
6 regulations effective September 1, 1985 as second-class mail matter
7 or as a controlled circulation publication or qualified to accept
8 legal notices for publication in this state, as defined by law, or
9 any other newspaper or periodical of general circulation,
10 established not less than 2 years, and published not less than once
11 a week. Tangible personal property used or consumed in producing a
12 copyrighted motion picture film, a newspaper published more than 14
13 times per year, or a periodical published more than 14 times per
14 year, and not becoming a component part of that film, newspaper, or
15 periodical is subject to the tax. Tangible personal property used
16 or consumed in producing a newspaper published 14 times or less per
17 year or a periodical published 14 times or less per year and that
18 portion or percentage of tangible personal property used or
19 consumed in producing an advertising supplement that becomes a
20 component part of a newspaper or periodical is exempt from the tax
21 under this subdivision. ~~A claim for a refund for taxes paid before~~
22 ~~January 1, 1999, under this subdivision shall be made before June~~
23 ~~30, 1999.~~ For purposes of this subdivision, tangible personal
24 property that becomes a component part of a newspaper or periodical
25 and consequently not subject to tax includes an advertising
26 supplement inserted into and circulated with a newspaper or
27 periodical that is otherwise exempt from tax under this

1 subdivision, if the advertising supplement is delivered directly to
2 the newspaper or periodical by a person other than the advertiser,
3 or the advertising supplement is printed by the newspaper or
4 periodical.

5 (g) A sale of tangible personal property to persons licensed
6 to operate commercial radio or television stations if the property
7 is used in the origination or integration of the various sources of
8 program material for commercial radio or television transmission.

9 This subdivision does not include a vehicle licensed and titled for
10 use on public highways or property used in the transmission to or
11 receiving from an artificial satellite.

12 (h) The sale of a prosthetic device, durable medical
13 equipment, or mobility enhancing equipment.

14 (i) The sale of a vehicle not for resale to a Michigan
15 nonprofit corporation organized exclusively to provide a community
16 with ambulance or fire department services.

17 (j) ~~A—BEFORE OCTOBER 1, 2011, A~~ sale of tangible personal
18 property to inmates in a penal or correctional institution
19 purchased with scrip or its equivalent issued and redeemed by the
20 institution.

21 (k) A sale of textbooks sold by a public or nonpublic school
22 to or for the use of students enrolled in any part of a
23 kindergarten through twelfth grade program.

24 (l) A sale of tangible personal property installed as a
25 component part of a water pollution control facility for which a
26 tax exemption certificate is issued pursuant to part 37 of the
27 natural resources and environmental protection act, 1994 PA 451,

1 MCL 324.3701 to 324.3708, or an air pollution control facility for
2 which a tax exemption certificate is issued pursuant to part 59 of
3 the natural resources and environmental protection act, 1994 PA
4 451, MCL 324.5901 to 324.5908.

5 (m) The sale or lease of the following to an industrial
6 laundry after December 31, 1997:

7 (i) Textiles and disposable products including, but not limited
8 to, soap, paper, chemicals, tissues, deodorizers and dispensers,
9 and all related items such as packaging, supplies, hangers, name
10 tags, and identification tags.

11 (ii) Equipment, whether owned or leased, used to repair and
12 dispense textiles including, but not limited to, roll towel
13 cabinets, slings, hardware, lockers, mop handles and frames, and
14 carts.

15 (iii) Machinery, equipment, parts, lubricants, and repair
16 services used to clean, process, and package textiles and related
17 items, whether owned or leased.

18 (iv) Utilities such as electric, gas, water, or oil.

19 (v) Production washroom equipment and mending and packaging
20 supplies and equipment.

21 (vi) Material handling equipment including, but not limited to,
22 conveyors, racks, and elevators and related control equipment.

23 (vii) Wastewater pretreatment equipment and supplies and
24 related maintenance and repair services.

25 (n) A sale of tangible personal property to a person holding a
26 direct payment permit under section 8 of the use tax act, 1937 PA
27 94, MCL 205.98.

1 (2) The tangible personal property under subsection (1) is
2 exempt only to the extent that that property is used for the exempt
3 purpose if one is stated in subsection (1). The exemption is
4 limited to the percentage of exempt use to total use determined by
5 a reasonable formula or method approved by the department.