

HOUSE BILL NO. 6489

December 02, 2020, Introduced by Reps. Green and Hoytenga and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending section 4v (MCL 205.54v), as amended by 2006 PA 669, and by adding section 4jj.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4v. (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(1)(a) or (c) or

1 section 3b of the use tax act, 1937 PA 94, MCL 205.93a and 205.93b,
2 except that this exemption is limited to the tangible personal
3 property located on the premises of the subscriber and to central
4 office equipment or wireless equipment, directly used or consumed
5 in transmitting, receiving, or switching, or in the monitoring of
6 switching of a 2-way interactive communication. As used in this
7 subsection, central office equipment or wireless equipment does not
8 include distribution equipment including cable or wire facilities.

9 (2) Beginning April 1, 1999, the property under subsection (1)
10 is exempt only to the extent that the property is used for the
11 exempt purposes stated in this section. There is an irrebuttable
12 presumption that 90% of total use is for exempt purposes.

13 (3) This section does not limit an exemption claimed under
14 section 4jj.

15 Sec. 4jj. (1) A person subject to the tax under this act may
16 exclude from the gross proceeds used for the computation of the tax
17 the sale of any of the following to a qualified taxpayer or a
18 member of a qualified taxpayer's affiliated group as that term is
19 defined in section 603 of the income tax act of 1967, 1967 PA 281,
20 MCL 206.603:

21 (a) Tangible personal property classified as central office
22 equipment, station equipment or apparatus, station connection,
23 wiring, or large private branch exchanges according to the uniform
24 system of accounts for telecommunications companies, 47 CFR part
25 32, 51 FR 43498 (December 2, 1986), as amended by 53 FR 30058
26 (August 10, 1988).

27 (b) Mobile telecommunications switching office equipment,
28 radio or microwave transmitting or receiving equipment, including,
29 without limitation, towers, antennae, and property that perform a

1 function similar to the function performed by any of the property
2 described in subdivision (a).

3 (c) Personal property and equipment that may be used in or be
4 part of a national, regional, or local headend or similar facility
5 operated by a person furnishing video service, cable radio service,
6 satellite television or radio service, or internet access service.

7 (2) As used in this section:

8 (a) "Headend" means a master facility for receiving and
9 retransmitting signals for processing and distribution over a
10 network. The facility is typically a secured structure housing
11 electronic equipment used to receive and retransmit video,
12 internet, or other signals over a network.

13 (b) "Qualified taxpayer" means a person who meets 1 of the
14 following requirements:

15 (i) Uses or consumes the property for which an exemption is
16 claimed under this section in the rendition of any combination of
17 services, the use or consumption of which is taxable under section
18 3a(1) (a) or (c) or section 3b of the use tax act, 1937 PA 94, MCL
19 205.93a and 205.93b.

20 (ii) Uses or consumes the property for which an exemption is
21 claimed under this section to furnish 1 or any combination of the
22 following:

23 (A) Video service.

24 (B) Internet access services.

25 (C) VOIP service.