

**SUBSTITUTE FOR
HOUSE BILL NO. 4185**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 25 (MCL 205.75), as amended by 2023 PA 20.

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

9 (3) Sixty percent of the collections of the tax imposed at a



1 rate of 4% must be deposited in the state school aid fund and
2 distributed as provided by law. In addition, all of the collections
3 of the tax imposed at the additional rate of 2% approved by the
4 electors on March 15, 1994 must be deposited in the state school
5 aid fund.

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

19 (5) ~~Beginning~~ **Except as otherwise provided under subsection**
20 **(6), beginning** October 1, 2016 and the first day of each calendar
21 quarter thereafter, **through September 30, 2025**, an amount equal to
22 the collections for the calendar quarter that is 2 calendar
23 quarters immediately preceding the current calendar quarter of the
24 tax imposed under this act at the additional rate of 2% approved by
25 the electors on March 15, 1994 from the sale at retail of aviation
26 fuel must be distributed as follows:

27 (a) An amount equal to 35% of the collections of the tax
28 imposed at a rate of 2% on the sale at retail of aviation fuel must
29 be deposited in the state aeronautics fund and must be expended, on



1 appropriation, only for those purposes authorized in the
2 aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1
3 to 259.208.

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

10 (6) ~~The~~ **For fiscal years ending before October 1, 2025, the**
11 department shall, on an annual basis, reconcile the amounts
12 distributed under subsection (5) during each fiscal year with the
13 amounts actually collected for a particular fiscal year and, **except**
14 **as otherwise provided in this subsection,** shall make any necessary
15 adjustments, positive or negative, to the amounts to be distributed
16 for the next successive calendar quarter that begins January 1. The
17 **department may transfer money between funds, delay and adjust a**
18 **distribution under subsection (5), or take any other action that**
19 **the department considers necessary to account for any necessary**
20 **adjustments, positive or negative, resulting from the**
21 **reconciliation under this subsection for the fiscal year ending**
22 **September 30, 2025. For fiscal years ending before October 1, 2025,**
23 **the** state treasurer or the state treasurer's designee shall
24 annually provide to the operator of each qualified airport a report
25 of the reconciliation performed under this subsection. The
26 reconciliation report is subject to the confidentiality
27 restrictions and penalties provided in section 28(1)(f) of 1941 PA
28 122, MCL 205.28.

29 (7) An amount equal to the collections of the tax imposed at a



1 rate of 4% under this act from the sale at retail of computer
2 software must be deposited in the Michigan health initiative fund
3 created in section 5911 of the public health code, 1978 PA 368, MCL
4 333.5911, and must be considered in addition to, and is not
5 intended as a replacement for any other money appropriated to the
6 department of health and human services. The funds deposited in the
7 Michigan health initiative fund on an annual basis must not be less
8 than \$9,000,000.00 or more than \$12,000,000.00.

9 (8) In addition to the money deposited in the state school aid
10 fund under ~~subsection~~**subsections (3) and (9)**, an amount equal to
11 the sum of the following, as determined by the department, must be
12 deposited into the state school aid fund:

13 (a) All revenue lost to the state school aid fund as a result
14 of the exemption under section 4a(1)(u).

15 (b) All revenue lost to the state school aid fund as a result
16 of the exemption under section 4ee. A person that claims an
17 exemption under section 4ee shall report the sales price of the
18 data center equipment as defined in section 4ee and any other
19 information necessary to determine the amount of revenue lost to
20 the state school aid fund as a result of the exemption under
21 section 4ee annually on a form at the time and in a manner
22 prescribed by the department. The report required under this
23 subdivision must not include any remittance for tax, and does not
24 constitute a return or otherwise alleviate any obligations under
25 section 6.

26 (c) All revenue lost to the state school aid fund as a result
27 of the exclusion under section 1(1)(d)(xv).

28 **(9) In addition to the money deposited in the state school aid**
29 **fund under subsections (3) and (8), for the fiscal year ending**



1 September 30, 2026 and each fiscal year thereafter, \$755,000,000.00
2 of the collections of the tax imposed at a rate of 4% under this
3 act must be deposited in the state school aid fund.

4 (10) In addition to the money distributed to cities, villages,
5 and townships under subsection (2), for the fiscal year ending
6 September 30, 2026 and each fiscal year thereafter, \$95,000,000.00
7 of the collections of the tax imposed at a rate of 4% under this
8 act must be distributed to cities, villages, and townships pursuant
9 to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140,
10 MCL 141.901 to 141.921.

11 (11) ~~(9)~~—The balance in the state general fund shall be
12 disbursed only on an appropriation or appropriations by the
13 legislature.

14 (12) ~~(10)~~—As used in this section:

15 (a) "Aviation fuel" means fuel as that term is defined in
16 section 4 of the aeronautics code of the state of Michigan, 1945 PA
17 327, MCL 259.4.

18 (b) "Comprehensive transportation fund" means the
19 comprehensive transportation fund created in section 10b of 1951 PA
20 51, MCL 247.660b.

21 (c) "Qualified airport" means that term as defined in section
22 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
23 MCL 259.109.

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

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



1 (f) "State school aid fund" means the state school aid fund
2 established in section 11 of article IX of the state constitution
3 of 1963.

4 (g) "Transportation administration collection fund" means the
5 transportation administration collection fund created in section
6 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

7 Enacting section 1. This amendatory act does not take effect
8 unless all of the following bills of the 103rd Legislature are
9 enacted into law:

10 (a) House Bill No. 4180.

11 (b) House Bill No. 4181.

12 (c) House Bill No. 4182.

13 (d) House Bill No. 4183.

14 (e) House Bill No. 4184.

15 (f) House Bill No. 4186.

16 (g) House Bill No. 4187.

17 (h) House Bill No. 4230.