STREAMLINED SALES AND USE TAX REVENUE EQUALIZATION ACT

Act 175 of 2004

AN ACT to impose taxes and create credits and refundable credits to modify and equalize the impact of changes made to the general sales tax act and use tax act necessary to bring those taxes into compliance with the streamlined sales tax agreement so this state may participate in the streamlined sales tax system and governing board; to prescribe certain powers and duties of certain state departments; and to provide for the disbursement of certain proceeds.

History: 2004, Act 175, Eff. Sept. 1, 2004

The People of the State of Michigan enact:

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205.171 Short title.

Sec. 1.

This act shall be known and may be cited as the "streamlined sales and use tax revenue equalization act".

History: 2004, Act 175, Eff. Sept. 1, 2004

205.173 Definitions.

Sec. 3.

As used in this act:

(a) "Alternative fuel" means that term as defined in section 151 of the motor fuel tax act, MCL 207.1151.

(b) "Department" means the department of treasury.

(c) "Diesel fuel" means that term as defined in section 2 of the motor fuel tax act, MCL 207.1002.

(d) "Gallon equivalent" means that term as defined in section 151 of the motor fuel tax act, MCL 207.1151.

(e) "Gasoline" means that term as defined in section 3 of the motor fuel tax act, MCL 207.1003.

(f) "Interstate motor carrier" means a person that operates or causes to be operated a qualified commercial motor vehicle on a public road or highway in this state and at least 1 other state or Canadian province.

(g) "Motor fuel" means diesel fuel and gasoline.

(h) "Motor fuel tax act" means the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170.

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

(j) "Qualified commercial motor vehicle" means that term as defined in section 1 of the motor carrier fuel tax act, 1980 PA 119, MCL 207.211.

(k) "Sales tax" means the tax levied under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78.

(l) "Tax" includes all taxes, interest, or penalties levied under this act.

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

(n) "Use tax" means the tax levied under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

History: 2004, Act 175, Eff. Sept. 1, 2004 ;-- Am. 2015, Act 177, Eff. Jan. 1, 2017 ;-- Am. 2025, Act 18, Imd. Eff. Oct. 7, 2025

205.175 Tax on motor fuel and alternative fuel used by interstate motor carrier; rate; credit under international fuel tax agreement; applicability under qualified fuel tax reciprocity agreement.

Sec. 5.

(1) Through and including the tax period ending December 31, 2025, there is levied on and there shall be collected from every person in this state that is an interstate motor carrier a specific tax for the privilege of using or consuming motor fuel and alternative fuel in a qualified commercial motor vehicle in this state.

(2) For motor fuel on which the tax imposed under subsection (1) applies, the tax is imposed at a cents-per-gallon rate equal to 6% of the statewide average retail price of a gallon of self-serve undyed No. 2 ultra-low sulfur diesel fuel or self-serve unleaded regular gasoline, as applicable, rounded down to the nearest 1/10 of a cent as determined and certified quarterly by the department. This tax on motor fuel used by interstate motor carriers in a qualified commercial motor vehicle must be collected under the international fuel tax agreement. An interstate motor carrier is entitled to a credit for 6% of the price of motor fuel purchased in this state before January 1, 2026 and used in a qualified commercial motor vehicle. This credit must be claimed on the returns filed under the international fuel tax agreement.

(3) For alternative fuel on which the tax imposed under subsection (1) applies, the tax is imposed at a cents-per-gallon rate, or cents-per-gallon equivalent rate, as applicable, equal to 6% of the average retail price of a gallon or gallon equivalent, as applicable, of the applicable alternative fuel rounded down to the nearest 1/10 of a cent as determined and certified quarterly by the department. For purposes of this subsection, the average retail price is to be based on the statewide average price of the particular alternative fuel, as determined by the department, unless the department determines that a statewide average is not readily available. If a statewide average is not readily available, the department may use available regional or nationwide average retail pricing information, or if regional or nationwide pricing information cannot be readily obtained, may use the average retail price applicable to gasoline under subsection (2) for compressed natural gas or the average retail price applicable to diesel fuel under subsection (2) for all other types of alternative fuel, with adjustments as the department determines are appropriate to convert gasoline or diesel fuel prices to prices for alternative fuel.

(4) The tax on alternative fuel under subsection (3) used by interstate motor carriers in a qualified commercial motor vehicle must be collected under the international fuel tax agreement. An interstate motor carrier is entitled to a credit for 6% of the price of alternative fuel purchased in this state before January 1, 2026 and used in a qualified commercial motor vehicle. This credit must be claimed on the returns filed under the international fuel tax agreement.

(5) This section does not apply to an interstate motor carrier to the extent that the interstate motor carrier is exempt from the requirements of this section under a qualified fuel tax reciprocity agreement as that term is defined in section 3 of 1960 PA 124, MCL 3.163.

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History: 2004, Act 175, Eff. Sept. 1, 2004 ;-- Am. 2015, Act 177, Eff. Jan. 1, 2017 ;-- Am. 2022, Act 24, Imd. Eff. Mar. 10, 2022 ;-- Am. 2025, Act 18, Imd. Eff. Oct. 7, 2025

205.179 Storing, registering, or transferring ownership of vehicle; tax; exemption; credit.

Sec. 9.

(1) Except as provided in subsection (2), there is levied upon and there shall be collected from every person in this state a specific tax on the privilege of storing, registering, or transferring ownership of any vehicle other than a vehicle stored, registered, or transferred by a new or used vehicle dealer licensed by the department of state, ORV, manufactured housing, aircraft other than a qualified aircraft under section 11, snowmobile, or watercraft in this state at a rate of 6% of the retail dollar value at the time of acquisition as determined by the department of treasury. The tax shall be paid by the transferee. The tax on a vehicle, ORV, snowmobile, and watercraft shall be collected by the secretary of state before the transfer of the vehicle, ORV, snowmobile, or watercraft registration. The tax on an aircraft shall be paid to the department. The tax on manufactured housing shall be collected by the department of consumer and industry services, mobile home commission, or its agent before the transfer of the certificate of title.

(2) A transfer for purposes of resale or a transfer that is exempt under any other exemption under the use tax act is exempt from the tax levied under subsection (1). A transfer subject to tax under the general sales tax act is exempt from the tax levied under subsection (1).

(3) A credit against the tax levied under subsection (1) is allowed for an amount equal to any use tax paid by the taxpayer on the same property. The credit under this section shall not exceed the tax imposed by this act.

History: 2004, Act 175, Eff. Sept. 1, 2004

205.181 Storage, registration, or transfer of aircraft; tax.

Sec. 11.

(1) Except as provided in subsection (2), there is levied upon and there shall be collected from every person in this state a specific tax for the privilege of storing, registering, or transferring ownership in this state of a qualified aircraft at a rate of 6% of the retail value of the aircraft at the time it first enters this state. The transferee shall pay the tax to the department. An aircraft is qualified if it was purchased outside of this state and is used solely for personal, nonbusiness purposes and if 1 of the following applies:

(a) The aircraft is purchased by a person who is not a resident of this state at the time of purchase and is brought into this state more than 90 days after the date of purchase.

(b) The aircraft is purchased by a person who is a resident of this state at the time of purchase and is brought into this state more than 360 days after the date of purchase.

(2) The storage, registration, or transfer of an aircraft for purposes of resale or of an aircraft that is exempt under any other exemption under the use tax act is exempt from the tax levied under subsection (1).

(3) A credit against the tax levied under subsection (1) is allowed in an amount equal to the amount by which any use tax on the aircraft if paid exceeds the amount of the tax under this act, which shall be refunded by the department.

History: 2004, Act 175, Eff. Sept. 1, 2004

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205.182 Sale of motor vehicle to group designated by automobile manufacturer; calculation of credit; refund; conditions; reduction in sales tax.

Sec. 12.

(1) For a transaction occurring after December 31, 1999, a taxpayer may calculate a credit and seek a refund from the department under this act in an amount equal to 6% of the consideration received by that taxpayer from an automobile manufacturer to reimburse that taxpayer for a discount or price reduction given on the sale of a motor vehicle to a member of a group designated by an automobile manufacturer as entitled to a price identified on the automobile manufacturer's invoice to the automobile dealer that the automobile manufacturer requires the automobile dealer to charge that vehicle purchaser, if all of the following conditions are met:

(a) The motor vehicle purchaser was not employed by that automobile manufacturer at the time the discount or price reduction was given.

(b) The taxpayer calculating the credit and seeking the refund did not reimburse himself or herself by adding sales tax on that portion of the sales price received from an automobile manufacturer.

(c) The amount of the credit or refund does not exceed the actual amount of sales tax paid on that portion of the sales price received from an automobile manufacturer by the taxpayer calculating the credit and seeking the refund.

(2) At the option of the taxpayer, the credit and refund provided in this section may be applied to reduce the sales tax due and the procedures implementing those sales tax payment obligations.

History: Add. 2008, Act 436, Imd. Eff. Jan. 9, 2009

205.183 Charges for rooms or lodgings; tax credit.

Sec. 13.

A person who paid a tax under the use tax act may calculate a credit and seek a refund from the department under this act in an amount equal to 6% of an assessment imposed under the convention and tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, 1974 PA 263, MCL 141.861 to 141.867, the state convention facility development act, 1985 PA 106, MCL 207.621 to 207.640, the regional tourism marketing act, 1989 PA 244, MCL 141.891 to 141.900, 1991 PA 180, MCL 207.751 to 207.759, or the community convention or tourism marketing act, 1980 PA 395, MCL 141.871 to 141.880, that was added to charges for rooms or lodgings subject to tax under section 3a of the use tax act, 1937 PA 94, MCL 205.93a, but not to exceed the actual amount of use tax paid on those assessments.

History: 2004, Act 175, Eff. Sept. 1, 2004

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205.184 Sale of auctioned item; tax credit or refund; calculation; definitions.

Sec. 14.

(1) A qualified person who paid a tax under the general sales tax act may calculate a credit and seek a refund from the department equal to 6% of the gross proceeds of a qualified sale of an auctioned item in excess of the fair market value of that auctioned item.

(2) A qualified person may not seek a credit or refund from the department under this section for any portion of a qualified sale of an auctioned item for which a tax under the general sales tax act was collected from the purchaser, unless the tax collected was refunded to the purchaser.

(3) A qualified person seeking a credit or refund under this section shall obtain and retain in its records a certification of fair market value supplied by the donor of an auctioned item on a form prescribed by the department.

(4) At the option of the qualified person, the credit calculated under this section may be applied to reduce the tax due under the general sales tax act, in accordance with the procedures implementing those sales tax payment obligations.

(5) As used in this section:

(a) "General sales tax act" means the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78.

(b) "Qualified person" means an organization not operated for profit that is exempt from federal income tax under section 501(c)(3) or 501(c)(4) of the internal revenue code, 26 USC 501.

(c) "Qualified sale" means a sale made by a qualified person through a charitable auction.

History: Add. 2006, Act 577, Eff. Mar. 4, 2007

205.184a Component, part, or battery for heavy earthmoving equipment; tax credit on core charge attributable to recycling fee, deposit, or disposal fee; refund.

Sec. 14a.

A person who paid sales tax on a core charge attributable to a recycling fee, deposit, or disposal fee for a component, part, or battery for heavy earthmoving equipment may calculate a credit and seek a refund from the department under this act in an amount equal to the sales tax paid.

History: Add. 2010, Act 333, Imd. Eff. Dec. 21, 2010

205.185 Money received and refunds paid; disposition.

Sec. 15.

All money received and refunds paid under the provisions of this act shall be deposited or disbursed in the following manner:

(a) Money received and refunds paid under section 5 of this act shall be deposited or disbursed in accordance with the provisions of section 9 of article IX of the state constitution of 1963.

(b) Money received and refunds paid pursuant to all other sections of this act shall be deposited or disbursed in the same manner as funds are received or paid pursuant to the use tax act.

History: 2004, Act 175, Eff. Sept. 1, 2004

205.187 Administration of taxes; controlling provisions.

Sec. 17.

The taxes imposed by this act shall be administered by the department under 1941 PA 122, MCL 205.1 to 205.31, and this act. If 1941 PA 122, MCL 205.1 to 205.31, and this act conflict, the provisions of this act apply.

History: 2004, Act 175, Eff. Sept. 1, 2004

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205.189 Returns; date of filing.

Sec. 19.

Every person required to pay a tax to the department under this act shall file a return in a form prescribed by the department on or before the twentieth day of each month, except as otherwise provided by section 5 of this act. Taxes imposed under this act shall accrue to this state on the last day of each calendar month. To ensure payment or provide a more efficient administration, the department may require and prescribe the filing of returns and payment of the tax for other than monthly periods.

History: 2004, Act 175, Eff. Sept. 1, 2004

205.191 Applying credits and returns to reduce use tax.

Sec. 21.

At the option of the taxpayer, the credits and refunds provided in this act may be applied to reduce the use tax due under the use tax act and the procedures implementing those use tax payment obligations.

History: 2004, Act 175, Eff. Sept. 1, 2004