

SUBSTITUTE FOR  
HOUSE BILL NO. 4464

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4g (MCL 205.54g), as amended by 2013 PA 211.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 4g. (1) The following are exempt from the tax under this  
2 act:

3       (a) ~~The sale of a prescription drug~~ **SALES OF DRUGS** for human  
4 use **THAT CAN ONLY BE LEGALLY DISPENSED BY PRESCRIPTION**, ~~an over-~~  
5 ~~the-counter drug~~ **DRUGS** for human use ~~pursuant to a~~ **THAT ARE LEGALLY**  
6 **DISPENSED BY** prescription, or food or food ingredients, except  
7 prepared food intended for immediate human consumption. As used in  
8 this subdivision, ~~"prescription" and "prescription drug"~~ mean these  
9 ~~terms as defined in section 17708 of the public health code, 1978~~

1 ~~PA 368, MCL 333.17708.~~ "OVER-THE-COUNTER DRUG" MEANS A DRUG THAT IS  
2 LABELED IN ACCORDANCE WITH THE FORMAT AND CONTENT REQUIREMENTS  
3 REQUIRED FOR LABELING OVER-THE-COUNTER DRUGS UNDER 21 CFR 201.66.

4 (b) The deposit on a returnable container for a beverage or  
5 the deposit on a carton or case that is used for returnable  
6 containers.

7 (c) Food or tangible personal property purchased under the  
8 federal food stamp program or meals sold by a person exempt from  
9 the tax under this act that are eligible to be purchased under the  
10 federal food stamp program.

11 (d) Fruit or vegetable seeds and fruit or vegetable plants if  
12 purchased at a place of business authorized to accept food stamps  
13 by the ~~food~~ **FOOD** and ~~nutrition service~~ **NUTRITION SERVICE** of the  
14 United States ~~department~~ **DEPARTMENT** of ~~agriculture~~ **AGRICULTURE** or a  
15 place of business that has made a complete and proper application  
16 for authorization to accept food stamps but has been denied  
17 authorization and provides proof of denial to the department of  
18 treasury.

19 (e) Live animals purchased with the intent to be slaughtered  
20 for human consumption.

21 (2) Food or drink heated or cooled mechanically, electrically,  
22 or by other artificial means to an average temperature above 75  
23 degrees Fahrenheit or below 65 degrees Fahrenheit before sale and  
24 sold from a vending machine, except milk, nonalcoholic beverages in  
25 a sealed container, and fresh fruit, is subject to the tax under  
26 this act. The tax due under this act on the sale of food or drink  
27 from a vending machine selling both taxable items and items exempt

1 under this subsection shall be calculated under this act based on 1  
2 of the following as determined by the taxpayer:

3 (a) Actual gross proceeds from sales at retail.

4 (b) Forty-five percent of proceeds from the sale of items  
5 subject to tax under this act or exempt from the tax levied under  
6 this act, other than from the sale of carbonated beverages.

7 (3) "Food and food ingredients" means substances, whether in  
8 liquid, concentrated, solid, frozen, dried, or dehydrated form,  
9 that are sold for ingestion or chewing by humans and are consumed  
10 for their taste or nutritional value. Food and food ingredients do  
11 not include alcoholic beverages and tobacco.

12 (4) "Prepared food" means the following:

13 (a) Food sold in a heated state or that is heated by the  
14 seller.

15 (b) Two or more food ingredients mixed or combined by the  
16 seller for sale as a single item.

17 (c) Food sold with eating utensils provided by the seller,  
18 including knives, forks, spoons, glasses, cups, napkins, straws, or  
19 plates, but not including a container or packaging used to  
20 transport the food.

21 (5) Prepared food does not include the following:

22 (a) Food that is only cut, repackaged, or pasteurized by the  
23 seller.

24 (b) Raw eggs, fish, meat, poultry, and foods containing those  
25 raw items requiring cooking by the consumer in recommendations  
26 contained in section 3-401.11 of part 3-4 of chapter 3 of the 2001  
27 food code published by the ~~feed~~**FOOD** and ~~drug administration~~**DRUG**

1 ~~ADMINISTRATION~~ of the ~~public health service~~ **PUBLIC HEALTH SERVICE**  
2 of the ~~department~~ **DEPARTMENT** of ~~health~~ **HEALTH** and ~~human services,~~  
3 **HUMAN SERVICES**, to prevent foodborne illness.

4 (c) Food sold in an unheated state by weight or volume as a  
5 single item, without eating utensils.

6 (d) Bakery items, including bread, rolls, buns, biscuits,  
7 bagels, croissants, pastries, doughnuts, danish, cakes, tortes,  
8 pies, tarts, muffins, bars, cookies, and tortillas, sold without  
9 eating utensils.

10 (6) "Prepared food intended for immediate consumption" means  
11 prepared food.

12 Enacting section 1. This amendatory act is retroactive and  
13 effective beginning March 14, 2014.