

Transcript of Public Hearing
General Sales and Use Tax Rules and Specific Sales and Use Tax Rules
Rule Set 2022-9 TY
December 12, 2022

DAVE MATELSKI: Good morning, everyone. This public hearing on proposed rules entitled General Sales and Use Tax Rules and the Specific Sales and Use Tax Rules. The hearing is being conducted pursuant to Section 3 of 1941 PA 122, MCL 205.3. On behalf of the Department of Treasury, Bureau of Tax and Economic Policy, this hearing is being called to order at 9 a.m. on December 12, 2022, at the offices of the Michigan Department of Treasury in Lansing, Michigan. This hearing was published in 3 newspapers of general circulation, as well as the Michigan Register, Issue No. 21, published on December 1, 2022. My name is Dave Matelski. I will be facilitating the hearing today. We are here to receive comments on the proposed rules. If you wish to speak, please make sure you signed in and indicated that you would like to speak. We will call on speakers in the order in which the names are listed. When you come forward to speak, please identify yourself with your name, the organization you represent, and your mailing and email address so that information may be transcribed into the hearing report. If you have additional comments to submit in writing, you may leave them at the registration desk with Debbie, who helped you get in here, or submit them to us here at the Department of Treasury by 5:00 p.m. today via email or hand-delivery. So, with that, I will open up the floor. Sir, I think you were here first. I don't have the sign in sheet.

PATRICK DEAN: We're together

DAVE MATELSKI: Sure, if you two want to come up here and we can take your comments.

PATRICK DEAN: Good morning, my name is Patrick Dean. I am president of Dean Transportation. With me is Eric Toomey, Director of Accounting for Dean Transportation. Our address is 4812 Aurelius Road, Lansing, MI 48910. Email is PatrickD@deantrans.com. Do you want to leave your email address as contact?

ERIC TOOMEY: Eric Toomey. My email address is EricT@deantrans.com.

DAVE MATELSKI: Thank you, gentlemen. Go ahead with your comments.

PATRICK DEAN: Yeah, so thank you. Dean Transportation is a family business based in Lansing. We provide services for school districts throughout the state of Michigan, and specifically transportation services and various equipment services, along with vehicle maintenance services. Primarily work on behalf of schools in special education student transportation, do some general education student transportation. We are here to provide some comments in respectful opposition of Rule 82 in the Register, specifically MCL 205.132, referred to as Rule 82, with specific reference to the leasing of school busses. As proposed, the revised rule, we believe, contradicts existing statutory language, and will result in the taxation inapposite to current law. It would impose a higher cost of leasing school busses to tax exempt entities,

which we believe would be different than current public policy. This issue was clarified in 2018 when the Michigan Legislature enacted 2018 PA 673 and 679, which were effective on March 29, 2019, amending MCL 205.54A and MCL 205.94, specifically as it relates to school districts who contract for services and leased vehicles through entities. We believe this rule, again, contravenes existing statutory language that would impose tax on the lessors of school busses, the lessor, the school districts, would ultimately end up paying tax on vehicles as entities have to pass through a sales or use tax under this rule. So, such revisions we believe, again, contradicts the current law enacted by the Legislature and amended in previous years. So, thank you for the opportunity to provide comment and we are happy to follow up if there is any department clarifications.

DAVE MATELSKI: Okay, great. And did you say if you are going to submit these in writing as well?

PATRICK DEAN: We will also submit comments in writing.

DAVE MATELSKI: Great, that would be helpful.

ERIC TOOMEY: Do we have a deadline when those would be submitted by?

DAVE MATELSKI: 5 o'clock today.

ERIC TOOMEY: Okay. Thank you.

DAVE MATELSKI: Yes, thank you. We appreciate the input. Any further comments from you two?

ERIC TOOMEY: No, we will submit our comments and look forward to any questions the department may have.

DAVE MATELSKI: Thank you. Yeah, I appreciate you guys coming in and putting those in.

ERIC TOOMEY AND PATRICK DEAN: Thank you.

DAVE MATELSKI: Are there any other people who wish to speak at this time? If there are no further comments, I hereby declare the hearing closed. Any additional comments regarding the proposed rules that you may wish to share must be submitted in writing to: Attention Debbie Lange, Michigan Department of Treasury, Bureau of Tax Policy, PO Box 30828, Lansing, MI 48909, or by email to TreasPolicyDirOfc@michigan.gov. The record will remain open until 5:00 p.m. today to receive comments. It is now 11:04 and this hearing has concluded.