



# HOUSE BILL No. 5089

November 2, 1999, Introduced by Rep. Jamnick and referred to the Committee on Tax Policy.

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4a (MCL 205.54a), as amended by 1999 PA 116.

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

1       Sec. 4a. (1) A person subject to tax under this act may  
2 exclude from the amount of the gross proceeds used for the compu-  
3 tation of the tax, a sale of tangible personal property, subject  
4 to subsection (2):

5       (a) Not for resale to a nonprofit school, nonprofit hospi-  
6 tal, or nonprofit home for the care and maintenance of children  
7 or aged persons operated by an entity of government, a regularly  
8 organized church, religious, or fraternal organization, a  
9 veterans' organization, or a corporation incorporated under the  
10 laws of the state, if the income or benefit from the operation  
11 does not inure, in whole or in part, to an individual or private

1 shareholder, directly or indirectly, and if the activities of the  
2 entity or agency are carried on exclusively for the benefit of  
3 the public at large and are not limited to the advantage, inter-  
4 ests, and benefits of its members or any restricted group. At  
5 the time of the transfer of this tangible personal property, the  
6 transferee shall sign a statement, in a form approved by the  
7 department, stating that the property is to be used or consumed  
8 in connection with the operation of the institution or agency and  
9 that the institution or agency qualifies as an exempt entity  
10 under this subdivision. The statement shall be accepted by all  
11 courts as prima facie evidence of the exemption and the statement  
12 shall provide that if the claim for tax exemption is disallowed  
13 the transferee will reimburse the transferor for the amount of  
14 tax involved. A sale of tangible personal property to a parent  
15 cooperative preschool is exempt from taxation under this act. As  
16 used in this subdivision, "parent cooperative preschool" means a  
17 nonprofit, nondiscriminatory educational institution, maintained  
18 as a community service and administered by parents of children  
19 currently enrolled in the preschool, that provides an educational  
20 and developmental program for children younger than compulsory  
21 school age, that provides an educational program for parents,  
22 including active participation with children in preschool activi-  
23 ties, that is directed by qualified preschool personnel, and that  
24 is licensed by the department of consumer and industry services  
25 pursuant to 1973 PA 116, MCL 722.111 to 722.128.

26 (b) Not for resale to a regularly organized church or house  
27 of religious worship, except the following:

1           (i) Sales in activities that are mainly commercial  
2 enterprises.

3           (ii) Sales of vehicles licensed for use on public highways  
4 other than a passenger van or bus with a manufacturer's rated  
5 seating capacity of 10 or more that is used primarily for the  
6 transportation of persons for religious purposes.

7           (c) To bona fide enrolled students, of food by a school or  
8 other educational institution not operated for profit.

9           (d) That is a vessel designated for commercial use of regis-  
10 tered tonnage of 500 tons or more, if produced upon special order  
11 of the purchaser, and bunker and galley fuel, provisions, sup-  
12 plies, maintenance, and repairs for the exclusive use of the  
13 vessel engaged in interstate commerce.

14           (e) To persons engaged in a business enterprise and using or  
15 consuming the tangible personal property in the tilling, plant-  
16 ing, caring for, or harvesting of the things of the soil; in the  
17 breeding, raising, or caring for livestock, poultry, or horticul-  
18 tural products, including transfers of livestock, poultry, or  
19 horticultural products for further growth; or in the direct gath-  
20 ering of fish, by net, line, or otherwise only by an  
21 owner-operator of the business enterprise, not including a  
22 charter fishing business enterprise. This exemption includes  
23 agricultural land tile, which means fired clay or perforated  
24 plastic tubing used as part of a subsurface drainage system for  
25 land, and subsurface irrigation pipe, if the land tile or irriga-  
26 tion pipe is used in the production of agricultural products as a  
27 business enterprise. At the time of the transfer of this

1 tangible personal property, the transferee shall sign a  
2 statement, in a form approved by the department, stating that the  
3 property is to be used or consumed in connection with the produc-  
4 tion of horticultural or agricultural products as a business  
5 enterprise, or in connection with fishing as an owner-operator  
6 business enterprise. The statement shall be accepted by all  
7 courts as prima facie evidence of the exemption. This exemption  
8 includes a portable grain bin, which means a structure that is  
9 used or is to be used to shelter grain and that is designed to be  
10 disassembled without significant damage to its component parts.  
11 This exemption also includes grain drying equipment and natural  
12 or propane gas used to fuel that equipment for agricultural  
13 purposes. This exemption does not include transfers of food,  
14 fuel, clothing, or any similar tangible personal property for  
15 personal living or human consumption. This exemption does not  
16 include tangible personal property permanently affixed and becom-  
17 ing a structural part of real estate.

18 (f) That is a copyrighted motion picture film or a newspaper  
19 or periodical admitted under federal postal laws and regulations  
20 effective September 1, 1985 as second-class mail matter or as a  
21 controlled circulation publication or qualified to accept legal  
22 notices for publication in this state, as defined by law, or any  
23 other newspaper or periodical of general circulation, established  
24 not less than 2 years, and published not less than once a week.  
25 Tangible personal property used or consumed in producing a copy-  
26 righted motion picture film, a newspaper published more than 14  
27 times per year, or a periodical published more than 14 times per

1 year, and not becoming a component part of that film, newspaper,  
 2 or periodical is subject to the tax. After December 31, 1993,  
 3 tangible personal property used or consumed in producing a news-  
 4 paper published 14 times or less per year or a periodical pub-  
 5 lished 14 times or less per year and that portion or percentage  
 6 of tangible personal property used or consumed in producing an  
 7 advertising supplement that becomes a component part of a newspa-  
 8 per or periodical is exempt from the tax under this subdivision.  
 9 A claim for a refund for taxes paid before January 1, 1999, under  
 10 this subdivision shall be made before June 30, 1999. For pur-  
 11 poses of this subdivision, tangible personal property that  
 12 becomes a component part of a newspaper or periodical and conse-  
 13 quently not subject to tax includes an advertising supplement  
 14 inserted into and circulated with a newspaper or periodical that  
 15 is otherwise exempt from tax under this subdivision, if the  
 16 advertising supplement is delivered directly to the newspaper or  
 17 periodical by a person other than the advertiser, or the adver-  
 18 tising supplement is printed by the newspaper or periodical.

19 (g) To persons licensed BY THE FEDERAL COMMUNICATIONS  
 20 COMMISSION to operate ~~commercial~~ A radio or television  
 21 ~~stations~~ STATION if the property is used ~~in~~ DIRECTLY AND PRI-  
 22 MARILY FOR the origination or integration of the various sources  
 23 of program material for ~~commercial radio or television~~  
 24 ~~transmission. This subdivision~~ BROADCAST OR FOR THE PRODUCTION  
 25 AND BROADCAST OF A BROADCAST SIGNAL. THIS PROPERTY INCLUDES, BUT  
 26 IS NOT LIMITED TO, PROPERTY REQUIRED BY THE FEDERAL  
 27 COMMUNICATIONS COMMISSION, PROPERTY USED IN THE TRANSMISSION TO

1 OR RECEPTION FROM AN ARTIFICIAL SATELLITE, AND ELECTRICITY, BUT  
2 does not include a vehicle licensed and titled for use on public  
3 highways. ~~or property used in the transmission to or receiving~~  
4 ~~from an artificial satellite.~~

5 (h) That is a hearing aid, contact lenses if prescribed for  
6 a specific disease that precludes the use of eyeglasses, or any  
7 other apparatus, device, or equipment used to replace or substi-  
8 tute for a part of the human body, or used to assist the disabled  
9 person to lead a reasonably normal life if the tangible personal  
10 property is purchased on a written prescription or order issued  
11 by a health professional as defined by section 21005 of the  
12 public health code, 1978 PA 368, MCL 333.21005; a hearing aid  
13 battery; or eyeglasses prescribed or dispensed to correct the  
14 person's vision by an ophthalmologist, optometrist, or optician.

15 (i) That is a vehicle not for resale to a Michigan nonprofit  
16 corporation organized exclusively to provide a community with  
17 ambulance or fire department services.

18 (j) To inmates in a penal or correctional institution pur-  
19 chased with scrip issued and redeemed by the institution.

20 (k) To or for the use of students enrolled in any part of a  
21 kindergarten through twelfth grade program, of textbooks sold by  
22 a public or nonpublic school.

23 (l) Installed as a component part of a water pollution con-  
24 trol facility for which a tax exemption certificate is issued  
25 pursuant to part 37 of the natural resources and environmental  
26 protection act, 1994 PA 451, MCL 324.3701 to 324.3708, or an air  
27 pollution control facility for which a tax exemption certificate

1 is issued pursuant to part 59 of the natural resources and  
2 environmental protection act, 1994 PA 451, MCL 324.5901 to  
3 324.5908.

4 (m) To a purchaser of a new motor vehicle purchased before  
5 January 1, 1993 if the purchaser qualifies for a special regis-  
6 tration under section 226(12) of the Michigan vehicle code, 1949  
7 PA 300, MCL 257.226, and the vehicle is purchased through a coun-  
8 try determined by the department to be providing a like or com-  
9 plete exemption for the purchase of a new motor vehicle to be  
10 removed from that country.

11 (n) That is the following sold or leased to an industrial  
12 laundry after December 31, 1997:

13 (i) Textiles and disposable products including, but not  
14 limited to, soap, paper, chemicals, tissues, deodorizers and dis-  
15 pensers, and all related items such as packaging, supplies, hang-  
16 ers, name tags, and identification tags.

17 (ii) Equipment, whether owned or leased, used to repair and  
18 dispense textiles including, but not limited to, roll towel cabi-  
19 nets, slings, hardware, lockers, mop handles and frames, and  
20 carts.

21 (iii) Machinery, equipment, parts, lubricants, and repair  
22 services used to clean, process, and package textiles and related  
23 items, whether owned or leased.

24 (iv) Utilities such as electric, gas, water, or oil.

25 (v) Production washroom equipment and mending and packaging  
26 supplies and equipment.

1 (vi) Material handling equipment including, but not limited  
2 to, conveyors, racks, and elevators and related control  
3 equipment.

4 (vii) Wastewater pretreatment equipment and supplies and  
5 related maintenance and repair services.

6 (o) To a person holding a direct payment permit under  
7 section 8 of the use tax act, 1937 PA 94, MCL 205.98.

8 (2) The tangible personal property under subsection (1) is  
9 exempt only to the extent that that property is used for the  
10 exempt purpose if one is stated in subsection (1). The exemption  
11 is limited to the percentage of exempt use to total use deter-  
12 mined by a reasonable formula or method approved by the  
13 department.