

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4561**

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4a (MCL 205.54a), as amended by 2017 PA 219.

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

1       Sec. 4a. (1) Subject to subsection (2), the following are  
2 exempt from the tax under this act:

3       (a) A sale of tangible personal property not for resale to a  
4 nonprofit school, nonprofit hospital, or nonprofit home for the  
5 care and maintenance of children or aged persons operated by an  
6 entity of government, a regularly organized church, religious, or  
7 fraternal organization, a veterans' organization, or a corporation  
8 incorporated under the laws of this state, if the income or benefit  
9 from the operation does not inure, in whole or in part, to an

1 individual or private shareholder, directly or indirectly, and if  
2 the activities of the entity or agency are carried on exclusively  
3 for the benefit of the public at large and are not limited to the  
4 advantage, interests, and benefits of its members or any restricted  
5 group. A sale of tangible personal property to a parent cooperative  
6 preschool is exempt from taxation under this act. As used in this  
7 subdivision, "parent cooperative preschool" means a nonprofit,  
8 nondiscriminatory educational institution, maintained as a  
9 community service and administered by parents of children currently  
10 enrolled in the preschool, that provides an educational and  
11 developmental program for children younger than compulsory school  
12 age, that provides an educational program for parents, including  
13 active participation with children in preschool activities, that is  
14 directed by qualified preschool personnel, and that is licensed  
15 pursuant to 1973 PA 116, MCL 722.111 to 722.128.

16 (b) A sale of tangible personal property not for resale to a  
17 regularly organized church or house of religious worship, except  
18 the following:

19 (i) Sales in activities that are mainly commercial  
20 enterprises.

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

25 (c) The sale of food to bona fide enrolled students by a  
26 school or other educational institution not operated for profit.

27 (d) The sale of a vessel designated for commercial use of

1 registered tonnage of 500 tons or more, if produced upon special  
2 order of the purchaser, and bunker and galley fuel, provisions,  
3 supplies, maintenance, and repairs for the exclusive use of the  
4 vessel engaged in interstate commerce.

5 (e) ~~A SUBJECT TO SUBSECTION (4), A~~ sale of tangible personal  
6 property to ~~persons~~ **A PERSON** engaged in a business enterprise and  
7 ~~using or consuming~~ **THAT USES OR CONSUMES** the tangible personal  
8 property ~~in the tilling, planting, draining, caring for, or~~  
9 ~~harvesting of the things of the soil; in the breeding, raising, or~~  
10 ~~caring for livestock, poultry, or horticultural products, including~~  
11 ~~transfers of livestock, poultry, or horticultural products for~~  
12 ~~further growth; or in the direct gathering of fish, by net, line,~~  
13 ~~or otherwise only by an owner operator of the business enterprise,~~  
14 ~~not including a charter fishing business enterprise. This exemption~~  
15 ~~includes machinery that is capable of simultaneously harvesting~~  
16 ~~grain or other crops and biomass and machinery used for the purpose~~  
17 ~~of harvesting biomass. This exemption includes agricultural land~~  
18 ~~tile, which means fired clay or perforated plastic tubing used as~~  
19 ~~part of a subsurface drainage system for land, and subsurface~~  
20 ~~irrigation pipe, if the land tile or irrigation pipe is used in the~~  
21 ~~production of agricultural products as a business enterprise. This~~  
22 ~~exemption includes a portable grain bin, which means a structure~~  
23 ~~that is used or is to be used to shelter grain and that is designed~~  
24 ~~to be disassembled without significant damage to its component~~  
25 ~~parts. This exemption also includes grain drying equipment and the~~  
26 ~~fuel or energy source that powers that equipment for agricultural~~  
27 ~~purposes. This exemption also includes tangible personal property~~

~~1 affixed to or to be affixed to and directly used in the operation  
2 of either a portable grain bin or grain drying equipment. This  
3 exemption includes a sale of agricultural land tile, subsurface  
4 irrigation pipe, portable grain bins, and grain drying equipment to  
5 a person in the business of constructing, altering, repairing, or  
6 improving real estate for others to the extent that it is affixed  
7 to or made a structural part of real estate and is used for a  
8 purpose exempt under this subsection. This exemption does not  
9 include transfers of food, fuel, clothing, or any similar tangible  
10 personal property for personal living or human consumption. Except  
11 for agricultural land tile, subsurface irrigation pipe, portable  
12 grain bins, and grain drying equipment, this exemption does not  
13 include tangible personal property permanently affixed and becoming  
14 a structural part of real estate. As used in this subdivision,  
15 "biomass" means crop residue used to produce energy or agricultural  
16 crops grown specifically for the production of energy. FOR EITHER  
17 THE TILLING, PLANTING, DRAINING, CARING FOR, MAINTAINING, OR  
18 HARVESTING OF THINGS OF THE SOIL OR THE BREEDING, RAISING, OR  
19 CARING FOR LIVESTOCK, POULTRY, OR HORTICULTURAL PRODUCTS, INCLUDING  
20 THE TRANSFERS OF LIVESTOCK, POULTRY, OR HORTICULTURAL PRODUCTS FOR  
21 FURTHER GROWTH.~~

22 (F) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (3), A SALE  
23 OF ANY OF THE FOLLOWING TO A PERSON ENGAGED IN A BUSINESS  
24 ENTERPRISE THAT USES OR CONSUMES THE FOLLOWING FOR AGRICULTURAL  
25 PURPOSES AS DESCRIBED IN SUBDIVISION (E):

26 (i) MACHINERY THAT IS CAPABLE OF SIMULTANEOUSLY HARVESTING  
27 GRAIN OR OTHER CROPS AND BIOMASS AND MACHINERY USED FOR THE PURPOSE

1 OF HARVESTING BIOMASS.

2 (ii) AGRICULTURAL LAND TILE AND SUBSURFACE IRRIGATION PIPE.

3 (iii) PORTABLE GRAIN BINS, INCLUDING TANGIBLE PERSONAL  
4 PROPERTY AFFIXED OR TO BE AFFIXED TO PORTABLE GRAIN BINS AND  
5 DIRECTLY USED IN THE OPERATION OF A PORTABLE GRAIN BIN.

6 (iv) GRAIN DRYING EQUIPMENT AND THE FUEL OR ENERGY SOURCE THAT  
7 POWERS THAT EQUIPMENT, INCLUDING TANGIBLE PERSONAL PROPERTY AFFIXED  
8 OR TO BE AFFIXED TO THAT EQUIPMENT AND DIRECTLY USED IN THE  
9 OPERATION OF GRAIN DRYING EQUIPMENT.

10 (v) TANGIBLE PERSONAL PROPERTY PURCHASED AND INSTALLED AS A  
11 COMPONENT PART OF AN AGRICULTURAL STRUCTURE INCLUDING, BUT NOT  
12 LIMITED TO, A BARN, SHOP, GREENHOUSE, WATER SUPPLY SYSTEM, HEATING  
13 AND COOLING SYSTEM, LIGHTING SYSTEM, MILKING SYSTEM, OR ANY OTHER  
14 STRUCTURE OR APPURTENANCE USED IN THE PRODUCTION OF AGRICULTURAL  
15 PRODUCTS AS DESCRIBED IN THIS SUBDIVISION, INCLUDING THE  
16 MAINTENANCE OR IMPROVEMENT OF EXISTING STRUCTURES. THIS  
17 SUBPARAGRAPH IS INTENDED TO BE RETROACTIVE AND APPLIES TO A SALE  
18 BEGINNING 6 YEARS IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF THE  
19 AMENDATORY ACT THAT ADDED THIS SUBPARAGRAPH.

20 (vi) EQUIPMENT AND TECHNOLOGY USED OR CONSUMED IN THE BUSINESS  
21 ENTERPRISE. THIS SUBPARAGRAPH IS INTENDED TO BE RETROACTIVE AND  
22 APPLIES TO A SALE BEGINNING 6 YEARS IMMEDIATELY PRECEDING THE  
23 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBPARAGRAPH.

24 (G) THE SALE OF AGRICULTURAL LAND TILE, SUBSURFACE IRRIGATION  
25 PIPE, PORTABLE GRAIN BINS, GRAIN DRYING EQUIPMENT, AND TANGIBLE  
26 PERSONAL PROPERTY PURCHASED AND INSTALLED AS A COMPONENT PART OF AN  
27 AGRICULTURAL STRUCTURE INCLUDING, BUT NOT LIMITED TO, A BARN, SHOP,

1 GREENHOUSE, WATER SUPPLY SYSTEM, HEATING AND COOLING SYSTEM,  
2 LIGHTING SYSTEM, MILKING SYSTEM, OR ANY OTHER STRUCTURE OR  
3 APPURTENANCE USED IN THE PRODUCTION OF AGRICULTURAL PRODUCTS OR FOR  
4 AGRICULTURAL PURPOSES AS DESCRIBED IN SUBDIVISION (E) OR (F) TO A  
5 PERSON IN THE BUSINESS OF CONSTRUCTING, ALTERING, REPAIRING, OR  
6 IMPROVING REAL ESTATE FOR OTHERS TO THE EXTENT THAT IT IS AFFIXED  
7 TO AND MADE A STRUCTURAL PART OF REAL ESTATE FOR OTHERS AND IS USED  
8 FOR AN EXEMPT PURPOSE DESCRIBED UNDER SUBDIVISION (E) OR (F). THIS  
9 SUBDIVISION IS INTENDED TO BE RETROACTIVE AND APPLIES TO A SALE  
10 BEGINNING 6 YEARS IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF THE  
11 AMENDATORY ACT THAT ADDED THIS SUBDIVISION.

12 (H) THE SALE OF TANGIBLE PERSONAL PROPERTY USED IN THE DIRECT  
13 GATHERING OF FISH, BY NET, LINE, OR OTHERWISE, BY AN OWNER-OPERATOR  
14 OF A BUSINESS ENTERPRISE, NOT INCLUDING A CHARTER FISHING BUSINESS  
15 ENTERPRISE.

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

1 or consumed in producing a newspaper published 14 times or less per  
2 year or a periodical published 14 times or less per year and that  
3 portion or percentage of tangible personal property used or  
4 consumed in producing an advertising supplement that becomes a  
5 component part of a newspaper or periodical is exempt from the tax  
6 under this subdivision. For purposes of this subdivision, tangible  
7 personal property that becomes a component part of a newspaper or  
8 periodical and consequently not subject to tax includes an  
9 advertising supplement inserted into and circulated with a  
10 newspaper or periodical that is otherwise exempt from tax under  
11 this subdivision, if the advertising supplement is delivered  
12 directly to the newspaper or periodical by a person other than the  
13 advertiser, or the advertising supplement is printed by the  
14 newspaper or periodical.

15 (J) ~~(g)~~—A sale of tangible personal property to persons  
16 licensed to operate commercial radio or television stations if the  
17 property is used in the origination or integration of the various  
18 sources of program material for commercial radio or television  
19 transmission. This subdivision does not include a vehicle licensed  
20 and titled for use on public highways or property used in the  
21 transmission to or receiving from an artificial satellite.

22 (K) ~~(h)~~—The sale of a prosthetic device, durable medical  
23 equipment, or mobility enhancing equipment.

24 (L) ~~(i)~~—The sale of a vehicle not for resale to a Michigan  
25 nonprofit corporation organized exclusively to provide a community  
26 with ambulance or fire department services.

27 (M) ~~(j)~~—Before October 1, 2012, a sale of tangible personal

1 property to inmates in a penal or correctional institution  
2 purchased with scrip or its equivalent issued and redeemed by the  
3 institution.

4 (N) ~~(K)~~—A sale of textbooks sold by a public or nonpublic  
5 school to or for the use of students enrolled in any part of a  
6 kindergarten through twelfth grade program.

7 (O) ~~(H)~~—A sale of tangible personal property installed as a  
8 component part of a water pollution control facility for which a  
9 tax exemption certificate is issued pursuant to part 37 of the  
10 natural resources and environmental protection act, 1994 PA 451,  
11 MCL 324.3701 to 324.3708, or an air pollution control facility for  
12 which a tax exemption certificate is issued pursuant to part 59 of  
13 the natural resources and environmental protection act, 1994 PA  
14 451, MCL 324.5901 to 324.5908.

15 (P) ~~(M)~~—The sale or lease of the following to an industrial  
16 laundry after December 31, 1997:

17 (i) Textiles and disposable products including, but not  
18 limited to, soap, paper, chemicals, tissues, deodorizers and  
19 dispensers, and all related items such as packaging, supplies,  
20 hangers, name tags, and identification tags.

21 (ii) Equipment, whether owned or leased, used to repair and  
22 dispense textiles including, but not limited to, roll towel  
23 cabinets, slings, hardware, lockers, mop handles and frames, and  
24 carts.

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



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

2 (v) Production washroom equipment and mending and packaging  
3 supplies and equipment.

4 (vi) Material handling equipment including, but not limited  
5 to, conveyors, racks, and elevators and related control equipment.

6 (vii) Wastewater pretreatment equipment and supplies and  
7 related maintenance and repair services.

8 (Q) ~~(n)~~—A sale of tangible personal property to a person  
9 holding a direct payment permit under section 8 of the use tax act,  
10 1937 PA 94, MCL 205.98.

11 (R) ~~(e)~~—The sale of a dental prosthesis.

12 (S) A SALE OF TANGIBLE PERSONAL PROPERTY THAT IS SPECIFICALLY  
13 DESIGNED FOR, AND DIRECTLY USED IN, THE HARVESTING OF AQUATIC  
14 VEGETATION FROM THE WATERS OF THE STATE, INCLUDING PARTS AND  
15 MATERIALS USED FOR REPAIRS OF THAT TANGIBLE PERSONAL PROPERTY, TO A  
16 PERSON ENGAGED IN A BUSINESS ENTERPRISE OF HARVESTING AQUATIC  
17 VEGETATION AND ULTIMATELY USED FOR AGRICULTURAL PURPOSES AS  
18 DESCRIBED IN SUBDIVISION (E) OR (F). THIS EXEMPTION DOES NOT  
19 INCLUDE A MOTOR VEHICLE LICENSED OR REQUIRED TO BE LICENSED FOR USE  
20 ON THE PUBLIC ROADS OR HIGHWAYS OF THIS STATE OR TANGIBLE PERSONAL  
21 PROPERTY PERMANENTLY AFFIXED TO AND BECOMING A STRUCTURAL PART OF  
22 REAL ESTATE. AS USED IN THIS SUBDIVISION, "WATERS OF THE STATE"  
23 MEANS THAT TERM AS DEFINED IN SECTION 3302 OF THE NATURAL RESOURCES  
24 AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.3302.

25 (2) The tangible personal property under subsection (1) is  
26 exempt only to the extent that that property is used for the exempt  
27 purpose if one is stated in subsection (1). The exemption is

1 limited to the percentage of exempt use to total use determined by  
2 a reasonable formula or method approved by the department.

3 (3) THE EXEMPTIONS UNDER SUBSECTION (1) (E), (F), (G), AND (H)  
4 DO NOT INCLUDE THE TRANSFERS OF FOOD, FUEL, CLOTHING, OR ANY  
5 SIMILAR TANGIBLE PERSONAL PROPERTY FOR PERSONAL LIVING OR HUMAN  
6 CONSUMPTION.

7 (4) BEGINNING ON AND AFTER JANUARY 1, 2019, THE EXEMPTION  
8 UNDER SUBSECTION (1) (E) DOES NOT APPLY UNLESS THE TANGIBLE PERSONAL  
9 PROPERTY IS USED OR CONSUMED IN THE PRODUCTION OF AGRICULTURAL  
10 PRODUCTS OR FOR AGRICULTURAL PURPOSES.

11 (5) AS USED IN THIS SECTION:

12 (A) "AGRICULTURAL LAND TILE" MEANS FIRED CLAY OR PERFORATED  
13 PLASTIC TUBING USED AS PART OF A SUBSURFACE DRAINAGE SYSTEM FOR  
14 LAND.

15 (B) "BIOMASS" MEANS CROP RESIDUE USED TO PRODUCE ENERGY OR  
16 AGRICULTURAL CROPS GROWN SPECIFICALLY FOR THE PRODUCTION OF ENERGY.

17 (C) "PORTABLE GRAIN BIN" MEANS A STRUCTURE THAT IS USED OR IS  
18 TO BE USED TO SHELTER GRAIN AND THAT IS DESIGNED TO BE DISASSEMBLED  
19 WITHOUT SIGNIFICANT DAMAGE TO ITS COMPONENT PARTS.