

**SUBSTITUTE FOR
SENATE BILL NO. 94**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 1 (MCL 205.51), as amended by 2016 PA 515.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) As used in this act:
2 (a) "Person" means an individual, firm, partnership, joint
3 venture, association, social club, fraternal organization,
4 municipal or private corporation whether organized for profit or
5 not, company, estate, trust, receiver, trustee, syndicate, the
6 United States, this state, county, or any other group or
7 combination acting as a unit, and includes the plural as well as
8 the singular number, unless the intention to give a more limited
9 meaning is disclosed by the context.

1 (b) "Sale at retail" or "retail sale" means a sale, lease, or
2 rental of tangible personal property for any purpose other than for
3 resale, sublease, or subrent.

4 (c) "Gross proceeds" means sales price.

5 (d) "Sales price" means the total amount of consideration,
6 including cash, credit, property, and services, for which tangible
7 personal property or services are sold, leased, or rented, valued
8 in money, whether received in money or otherwise, and applies to
9 the measure subject to sales tax. Sales price includes the
10 following subparagraphs (i) through (vii) and excludes
11 subparagraphs (viii) through ~~(xiii)~~ **(xiv)** :

12 (i) Seller's cost of the property sold.

13 (ii) Cost of materials used, labor or service cost, interest,
14 losses, costs of transportation to the seller, taxes imposed on the
15 seller other than taxes imposed by this act, and any other expense
16 of the seller.

17 (iii) Charges by the seller for any services necessary to
18 complete the sale, other than the following:

19 (A) An amount received or billed by the taxpayer for
20 remittance to the employee as a gratuity or tip, if the gratuity or
21 tip is separately identified and itemized on the guest check or
22 billed to the customer.

23 (B) Labor or service charges involved in maintenance and
24 repair work on tangible personal property of others if separately
25 itemized.

26 (iv) Delivery charges incurred or to be incurred before the
27 completion of the transfer of ownership of tangible personal

1 property subject to the tax levied under this act from the seller
2 to the purchaser. A seller is not liable under this act for
3 delivery charges allocated to the delivery of exempt property.

4 (v) Installation charges incurred or to be incurred before the
5 completion of the transfer of ownership of tangible personal
6 property from the seller to the purchaser.

7 (vi) Except as otherwise provided in subparagraphs (xi), ~~and~~
8 (xii), **AND (xiv)**, credit for any trade-in.

9 (vii) Except as otherwise provided in subparagraph (x),
10 consideration received by the seller from third parties if all of
11 the following conditions are met:

12 (A) The seller actually receives consideration from a party
13 other than the purchaser and the consideration is directly related
14 to a price reduction or discount on the sale.

15 (B) The seller has an obligation to pass the price reduction
16 or discount through to the purchaser.

17 (C) The amount of the consideration attributable to the sale
18 is fixed and determinable by the seller at the time of the sale of
19 the item to the purchaser.

20 (D) One of the following criteria is met:

21 (I) The purchaser presents a coupon, certificate, or other
22 documentation to the seller to claim a price reduction or discount
23 where the coupon, certificate, or documentation is authorized,
24 distributed, or granted by a third party with the understanding
25 that the third party will reimburse any seller to whom the coupon,
26 certificate, or documentation is presented.

27 (II) The purchaser identifies himself or herself to the seller

1 as a member of a group or organization entitled to a price
2 reduction or discount. A preferred customer card that is available
3 to any patron does not constitute membership in a group or
4 organization.

5 (III) The price reduction or discount is identified as a third
6 party price reduction or discount on the invoice received by the
7 purchaser or on a coupon, certificate, or other documentation
8 presented by the purchaser.

9 (viii) Interest, financing, or carrying charges from credit
10 extended on the sale of personal property or services, if the
11 amount is separately stated on the invoice, bill of sale, or
12 similar document given to the purchaser.

13 (ix) Any taxes legally imposed directly on the consumer that
14 are separately stated on the invoice, bill of sale, or similar
15 document given to the purchaser.

16 (x) Beginning January 1, 2000, employee discounts that are
17 reimbursed by a third party on sales of motor vehicles.

18 (xi) Beginning November 15, 2013, credit for the agreed-upon
19 value of a titled watercraft used as part payment of the purchase
20 price of a new titled watercraft or used titled watercraft
21 purchased from a watercraft dealer if the agreed-upon value is
22 separately stated on the invoice, bill of sale, or similar document
23 given to the purchaser. This subparagraph does not apply to leases
24 or rentals.

25 (xii) Beginning December 15, 2013, credit for the agreed-upon
26 value of a motor vehicle or recreational vehicle used as part
27 payment of the purchase price of a new motor vehicle or used motor

1 vehicle or recreational vehicle purchased from a dealer if the
2 agreed-upon value is separately stated on the invoice, bill of
3 sale, or similar document given to the purchaser. This subparagraph
4 does not apply to leases or rentals. ~~For~~**EXCEPT AS OTHERWISE**
5 **PROVIDED UNDER SUBPARAGRAPH (xiv), FOR** purposes of this
6 subparagraph, the agreed-upon value of a motor vehicle or
7 recreational vehicle used as part payment shall be limited as
8 follows:

9 (A) Beginning December 15, 2013, subject to sub-subparagraphs

10 (B) and (C), the lesser of the following:

11 (I) \$2,000.00.

12 (II) The agreed-upon value of the motor vehicle or
13 recreational vehicle used as part payment.

14 (B) Beginning January 1, 2015 and each January 1 thereafter
15 **THROUGH DECEMBER 31, 2018**, the amount under sub-subparagraph (A) (I)
16 shall be increased by an additional \$500.00 each year.

17 (C) **BEGINNING JANUARY 1, 2019, SUBJECT TO SUB-SUBPARAGRAPHS**

18 (D) **AND (E), THE LESSER OF THE FOLLOWING:**

19 (I) \$5,000.00.

20 (II) **THE AGREED-UPON VALUE OF THE MOTOR VEHICLE USED AS PART**
21 **PAYMENT.**

22 (D) **BEGINNING JANUARY 1, 2020 AND EACH JANUARY 1 THEREAFTER,**
23 **THE AMOUNT UNDER SUB-SUBPARAGRAPH (C) (I) SHALL BE INCREASED BY AN**
24 **ADDITIONAL \$1,000.00 EACH YEAR.**

25 (E) ~~(C)~~ Beginning on January 1 in the year in which the amount
26 under sub-subparagraph ~~(A) (I)~~ **(C) (I)** exceeds \$14,000.00 and each
27 January 1 thereafter, there shall be no limitation on the agreed-

1 upon value of the motor vehicle ~~or recreational vehicle~~ used as
2 part payment.

3 (xiii) Beginning January 1, 2017, credit for the core charge
4 attributable to a recycling fee, deposit, or disposal fee for a
5 motor vehicle or recreational vehicle part or battery if the
6 recycling fee, deposit, or disposal fee is separately stated on the
7 invoice, bill of sale, or similar document given to the purchaser.

8 (xiv) BEGINNING JANUARY 1, 2018, CREDIT FOR THE AGREED-UPON
9 VALUE OF A RECREATIONAL VEHICLE USED AS PART PAYMENT OF THE
10 PURCHASE PRICE OF A RECREATIONAL VEHICLE PURCHASED FROM A DEALER IF
11 THE AGREED-UPON VALUE IS SEPARATELY STATED ON THE INVOICE, BILL OF
12 SALE, OR SIMILAR DOCUMENT GIVEN TO THE PURCHASER. THIS SUBPARAGRAPH
13 DOES NOT APPLY TO LEASES OR RENTALS.

14 (e) "Business" includes an activity engaged in by a person or
15 caused to be engaged in by that person with the object of gain,
16 benefit, or advantage, either direct or indirect.

17 (f) "Tax year" or "taxable year" means the fiscal year of the
18 state or the taxpayer's fiscal year if permission is obtained by
19 the taxpayer from the department to use the taxpayer's fiscal year
20 as the tax period instead.

21 (g) "Department" means the department of treasury.

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

23 (i) "Tax" includes a tax, interest, or penalty levied under
24 this act.

25 (j) "Textiles" means goods that are made of or incorporate
26 woven or nonwoven fabric, including, but not limited to, clothing,
27 shoes, hats, gloves, handkerchiefs, curtains, towels, sheets,

1 pillows, pillow cases, tablecloths, napkins, aprons, linens, floor
2 mops, floor mats, and thread. Textiles also include materials used
3 to repair or construct textiles, or other goods used in the rental,
4 sale, or cleaning of textiles.

5 (k) "New motor vehicle" means that term as defined in section
6 33a of the Michigan vehicle code, 1949 PA 300, MCL 257.33a.

7 (l) "Recreational vehicle" means that term as defined in
8 section 49a of the Michigan vehicle code, 1949 PA 300, MCL 257.49a.

9 (m) "Dealer" means that term as defined in section 11 of the
10 Michigan vehicle code, 1949 PA 300, MCL 257.11.

11 (n) "Watercraft dealer" means a dealer as that term is defined
12 in section 80102 of the natural resources and environmental
13 protection act, 1994 PA 451, MCL 324.80102.

14 (2) If the department determines that it is necessary for the
15 efficient administration of this act to regard an unlicensed
16 person, including a salesperson, representative, peddler, or
17 canvasser as the agent of the dealer, distributor, supervisor, or
18 employer under whom the unlicensed person operates or from whom the
19 unlicensed person obtains the tangible personal property sold by
20 the unlicensed person, irrespective of whether the unlicensed
21 person is making sales on the unlicensed person's own behalf or on
22 behalf of the dealer, distributor, supervisor, or employer, the
23 department may so regard the unlicensed person and may regard the
24 dealer, distributor, supervisor, or employer as making sales at
25 retail at the retail price for the purposes of this act.