

HOUSE BILL NO. 6488

December 02, 2020, Introduced by Reps. Hoitenga and Green and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4q (MCL 205.94q), as amended by 2006 PA 670,
and by adding section 4jj.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4q. (1) The tax levied under this act does not apply to
2 the purchase of machinery and equipment for use or consumption in
3 the rendition of any combination of services, the use or
4 consumption of which is taxable under section 3a(1)(a) or (c) or 3b

1 except that this exemption is limited to the tangible personal
2 property located on the premises of the subscriber and to central
3 office equipment or wireless equipment, directly used or consumed
4 in transmitting, receiving, or switching, or in the monitoring of
5 switching of a 2-way interactive communication. As used in this
6 subsection, central office equipment or wireless equipment does not
7 include distribution equipment including cable or wire facilities.

8 (2) Beginning April 1, 1999, the property under subsection (1)
9 is exempt only to the extent that the property is used for the
10 exempt purposes stated in this section. There is an irrebuttable
11 presumption that 90% of total use is for exempt purposes.

12 (3) **This section does not limit an exemption claimed under**
13 **section 4jj.**

14 **Sec. 4jj. (1) The tax under this act does not apply to the**
15 **storage, use, or consumption of any of the following by a qualified**
16 **taxpayer or a member of a qualified taxpayer's affiliated group as**
17 **that term is defined in section 603 of the income tax act of 1967,**
18 **1967 PA 281, MCL 206.603:**

19 (a) **Tangible personal property classified as central office**
20 **equipment, station equipment or apparatus, station connection,**
21 **wiring, or large private branch exchanges according to the uniform**
22 **system of accounts for telecommunications companies, 47 CFR part**
23 **32, 51 FR 43498 (December 2, 1986), as amended by 53 FR 30058**
24 **(August 10, 1988).**

25 (b) **Mobile telecommunications switching office equipment,**
26 **radio or microwave transmitting or receiving equipment, including,**
27 **without limitation, towers, antennae, and property that perform a**
28 **function similar to the function performed by any of the property**
29 **described in subdivision (a).**

1 (c) Personal property and equipment that may be used in or be
2 part of a national, regional, or local headend or similar facility
3 operated by a person furnishing video service, cable radio service,
4 satellite television or radio service, or internet access service.

5 (2) As used in this section:

6 (a) "Headend" means a master facility for receiving and
7 retransmitting signals for processing and distribution over a
8 network. The facility is typically a secured structure housing
9 electronic equipment used to receive and retransmit video,
10 internet, or other signals over a network.

11 (b) "Qualified taxpayer" means a person who meets 1 of the
12 following requirements:

13 (i) Uses or consumes the property for which an exemption is
14 claimed under this section in the rendition of any combination of
15 services, the use or consumption of which is taxable under section
16 3a(1) (a) or (c) or section 3b.

17 (ii) Uses or consumes the property for which an exemption is
18 claimed under this section to furnish 1 or any combination of the
19 following:

20 (A) Video service.

21 (B) Internet access service.

22 (C) VOIP service.