

HOUSE BILL NO. 4971

September 17, 2025, Introduced by Reps. Steckloff, Kunse, Green, Breen, Thompson, Longjohn, Johnsen, Neyer, Glanville, Alexander, Martin, Beson, Frisbie and MacDonell and referred to Committee on Finance.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4 (MCL 205.94), as amended by 2021 PA 109.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 (a) Property sold in this state on which transaction a tax is
4 paid under the general sales tax act, 1933 PA 167, MCL 205.51 to
5 205.78, if the tax was due and paid on the retail sale to a
6 consumer.

7 (b) Property, the storage, use, or other consumption of which

1 this state is prohibited from taxing under the Constitution or laws
2 of the United States, or under the constitution of this state.

3 (c) All of the following:

4 (i) Property purchased for resale. Property purchased for
5 resale includes promotional merchandise transferred pursuant to a
6 redemption offer to a person located outside this state or any
7 packaging material, other than promotional merchandise, acquired
8 for use in fulfilling a redemption offer or rebate to a person
9 located outside this state.

10 (ii) Property purchased for lending or leasing to a public or
11 parochial school offering a course in automobile driving except
12 that a vehicle purchased by the school must be certified for
13 driving education and must not be reassigned for personal use by
14 the school's administrative personnel.

15 (iii) Property purchased for demonstration purposes. For a new
16 vehicle dealer selling a new car or truck, exemption for
17 demonstration purposes is determined by the number of new cars and
18 trucks sold during the current calendar year or the immediately
19 preceding calendar year, without regard to specific make or style,
20 according to the following schedule but not to exceed 25 cars and
21 trucks in 1 calendar year for demonstration purposes:

22 (A) 0 to 25, 2 units.

23 (B) 26 to 100, 7 units.

24 (C) 101 to 500, 20 units.

25 (D) 501 or more, 25 units.

26 (iv) Motor vehicles purchased for resale purposes by a new
27 vehicle dealer licensed under section 248(8)(a) of the Michigan
28 vehicle code, 1949 PA 300, MCL 257.248.

29 (d) Property that is brought into this state by a nonresident

1 person for storage, use, or consumption while temporarily within
2 this state, except if the property is used in this state in a
3 nontransitory business activity for a period exceeding 15 days.

4 (e) Property the sale or use of which was already subjected to
5 a sales tax or use tax equal to, or in excess of, that imposed by
6 this act under the law of any other state or a local governmental
7 unit within a state if the tax was due and paid on the retail sale
8 to the consumer and the state or local governmental unit within a
9 state in which the tax was imposed accords like or complete
10 exemption on property the sale or use of which was subjected to the
11 sales or use tax of this state. If the sale or use of property was
12 already subjected to a tax under the law of any other state or
13 local governmental unit within a state in an amount less than the
14 tax imposed by this act, this act applies, but at a rate measured
15 by the difference between the rate provided in this act and the
16 rate by which the previous tax was computed.

17 (f) Except as otherwise provided under subsection (3),
18 property sold to a person engaged in a business enterprise that
19 uses or consumes the property, directly or indirectly, for either
20 the tilling, planting, draining, caring for, maintaining, or
21 harvesting of things of the soil or the breeding, raising, or
22 caring for livestock, poultry, or horticultural products, including
23 the transfers of livestock, poultry, or horticultural products for
24 further growth.

25 (g) Property or services sold to the United States, an
26 unincorporated agency or instrumentality of the United States, an
27 incorporated agency or instrumentality of the United States wholly
28 owned by the United States or by a corporation wholly owned by the
29 United States, the American Red Cross and its chapters or branches,

1 this state, a department or institution of this state, or a
2 political subdivision of this state.

3 (h) Property or services sold to a school, hospital, or home
4 for the care and maintenance of children or aged individuals,
5 operated by an entity of government, a regularly organized church,
6 religious organization, or fraternal organization, a veterans'
7 organization, or a corporation incorporated under the laws of this
8 state, if not operated for profit, and if the income or benefit
9 from the operation does not inure, in whole or in part, to an
10 individual or private shareholder, directly or indirectly, and if
11 the activities of the entity or agency are carried on exclusively
12 for the benefit of the public at large and are not limited to the
13 advantage, interests, and benefits of its members or a restricted
14 group. The tax levied does not apply to property or services sold
15 to a parent cooperative preschool. As used in this subdivision,
16 "parent cooperative preschool" means a nonprofit, nondiscriminatory
17 educational institution, maintained as a community service and
18 administered by parents of children currently enrolled in the
19 preschool that provides an educational and developmental program
20 for children younger than compulsory school age, that provides an
21 educational program for parents, including active participation
22 with children in preschool activities, that is directed by
23 qualified preschool personnel, and that is licensed under 1973 PA
24 116, MCL 722.111 to 722.128.

25 (i) Property or services sold to a regularly organized church
26 or house of religious worship except the following:

27 (i) Sales in which the property is used in activities that are
28 mainly commercial enterprises.

29 (ii) Sales of vehicles licensed for use on the public highways

1 other than a passenger van or bus with a manufacturer's rated
2 seating capacity of 10 or more that is used primarily for the
3 transportation of individuals for religious purposes.

4 (j) A vessel designed for commercial use of registered tonnage
5 of 500 tons or more, if produced upon special order of the
6 purchaser, and bunker and galley fuel, provisions, supplies,
7 maintenance, and repairs for the exclusive use of a vessel of 500
8 tons or more engaged in interstate commerce.

9 (k) Property purchased for use in this state if actual
10 personal possession is obtained outside this state, the purchase
11 price or actual value of which does not exceed \$10.00 during 1
12 calendar month.

13 (l) A newspaper or periodical classified under federal postal
14 laws and regulations effective September 1, 1985 as second-class
15 mail matter or as a controlled circulation publication or qualified
16 to accept legal notices for publication in this state, as defined
17 by law, or any other newspaper or periodical of general
18 circulation, established not less than 2 years, and published at
19 least once a week, and a copyrighted motion picture film. Tangible
20 personal property used or consumed in producing a copyrighted
21 motion picture film, a newspaper published more than 14 times per
22 year, or a periodical published more than 14 times per year, and
23 not becoming a component part of that film, newspaper, or
24 periodical is subject to the tax. Tangible personal property used
25 or consumed in producing a newspaper published 14 times or less per
26 year or a periodical published 14 times or less per year and that
27 portion or percentage of tangible personal property used or
28 consumed in producing an advertising supplement that becomes a
29 component part of a newspaper or periodical is exempt from the tax

1 under this subdivision. For purposes of this subdivision, tangible
2 personal property that becomes a component part of a newspaper or
3 periodical and consequently not subject to tax, includes an
4 advertising supplement inserted into and circulated with a
5 newspaper or periodical that is otherwise exempt from tax under
6 this subdivision, if the advertising supplement is delivered
7 directly to the newspaper or periodical by a person other than the
8 advertiser, or the advertising supplement is printed by the
9 newspaper or periodical.

10 (m) Property purchased by persons licensed to operate a
11 commercial radio or television station if the property is used in
12 the origination or integration of the various sources of program
13 material for commercial radio or television transmission. This
14 subdivision does not include a vehicle licensed and titled for use
15 on public highways or property used in the transmitting to or
16 receiving from an artificial satellite.

17 (n) An individual who is a resident of this state who
18 purchases an automobile in another state while in the military
19 service of the United States and who pays a sales tax in the state
20 where the automobile is purchased.

21 (o) A vehicle for which a special registration is secured in
22 accordance with section 226(9) of the Michigan vehicle code, 1949
23 PA 300, MCL 257.226.

24 (p) The sale of a prosthetic device, durable medical
25 equipment, or mobility enhancing equipment.

26 (q) Water if delivered through water mains, water sold in bulk
27 tanks in quantities of not less than 500 gallons, or the sale of
28 bottled water.

29 (r) A vehicle not for resale used by a nonprofit corporation

1 organized exclusively to provide a community with ambulance or fire
2 department services.

3 (s) Tangible personal property purchased and installed as a
4 component part of a water pollution control facility for which a
5 tax exemption certificate is issued under part 37 of the natural
6 resources and environmental protection act, 1994 PA 451, MCL
7 324.3701 to 324.3708, or an air pollution control facility for
8 which a tax exemption certificate is issued under part 59 of the
9 natural resources and environmental protection act, 1994 PA 451,
10 MCL 324.5901 to 324.5908.

11 (t) Tangible real or personal property donated by a
12 manufacturer, wholesaler, or retailer to an organization or entity
13 exempt under subdivision (h) or (i) or section 4a(1)(a) or (b) of
14 the general sales tax act, 1933 PA 167, MCL 205.54a.

15 (u) The storage, use, or consumption of an aircraft by a
16 domestic air carrier for use solely in the transport of air cargo,
17 passengers, or a combination of air cargo and passengers, that has
18 a maximum certificated takeoff weight of at least 6,000 pounds. For
19 purposes of this subdivision, the term "domestic air carrier" is
20 limited to a person engaged primarily in the commercial transport
21 for hire of air cargo, passengers, or a combination of air cargo
22 and passengers as a business activity. The state treasurer shall
23 estimate on January 1 each year the revenue lost by ~~this act~~ **2000**
24 **PA 200** from the **state** school aid fund **established in section 11 of**
25 **article IX of the state constitution of 1963** and deposit that
26 amount into the **state** school aid fund from the general fund.

27 (v) The storage, use, or consumption of an aircraft by a
28 person who purchases the aircraft for subsequent lease to a
29 domestic air carrier operating under a certificate issued by the

1 Federal Aviation Administration under 14 CFR part 121, for use
2 solely in the regularly scheduled transport of passengers.

3 (w) Property or services sold to an organization not operated
4 for profit and exempt from federal income tax under section
5 501(c)(3) or (4) of the internal revenue code of 1986, 26 USC 501;
6 or to a health, welfare, educational, cultural arts, charitable, or
7 benevolent organization not operated for profit that has been
8 issued before June 13, 1994 an exemption ruling letter to purchase
9 items exempt from tax signed by the administrator of the sales,
10 use, and withholding taxes division of the department. The
11 department shall reissue an exemption letter after June 13, 1994 to
12 each of those organizations that had an exemption letter that
13 remains in effect unless the organization fails to meet the
14 requirements that originally entitled it to this exemption. The
15 exemption does not apply to sales of tangible personal property and
16 sales of vehicles licensed for use on public highways, that are not
17 used primarily to carry out the purposes of the organization as
18 stated in the bylaws or articles of incorporation of the exempt
19 organization.

20 (x) The use or consumption of services described in section
21 3a(1)(a) or (c) or 3b by means of a prepaid telephone calling card,
22 a prepaid authorization number for telephone use, or a charge for
23 internet access.

24 (y) The purchase, lease, use, or consumption of the following
25 by an industrial laundry:

26 (i) Textiles and disposable products, including, but not
27 limited to, soap, paper, chemicals, tissues, deodorizers and
28 dispensers, and all related items such as packaging, supplies,
29 hangers, name tags, and identification tags.

1 (ii) Equipment, whether owned or leased, used to repair and
2 dispense textiles, including, but not limited to, roll towel
3 cabinets, slings, hardware, lockers, mop handles and frames, and
4 carts.

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

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

9 (v) Production washroom equipment and mending and packaging
10 supplies and equipment.

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

13 (vii) Wastewater pretreatment equipment and supplies and
14 related maintenance and repair services.

15 (z) Property purchased or manufactured by a person engaged in
16 the business of constructing, altering, repairing, or improving
17 real estate for others, to the extent that the property is affixed
18 to and made a structural part of real estate located in another
19 state, regardless of whether sales or use tax was due and paid in
20 the state in which the property is affixed to real estate.

21 (aa) The sale of a dental prosthesis.

22 (bb) 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 purposes as
25 described in subdivision (f):

26 (i) Machinery that is capable of simultaneously harvesting
27 grain or other crops and biomass and machinery used for the purpose
28 of harvesting biomass.

29 (ii) Agricultural land tile and subsurface irrigation pipe.

1 (iii) Portable grain bins, including tangible personal property
2 affixed or to be affixed to portable grain bins and directly used
3 in the operation of a portable grain bin.

4 (iv) Grain drying equipment and the fuel or energy source that
5 powers that equipment, including tangible personal property affixed
6 or to be affixed to that equipment and directly used in the
7 operation of grain drying equipment.

8 (v) Tangible personal property purchased and installed as a
9 component part of a structure such as a barn or shop, including,
10 but not limited to, a water supply system, heating and cooling
11 system, lighting system, milking system, or any other appurtenance
12 used for purposes described in this subdivision or subdivision (f),
13 including the maintenance or improvement of existing structures, to
14 the extent that it is not permanently affixed to and does not
15 become a structural part of real estate. For purposes of this
16 subparagraph and subsection (3), property installed as a component
17 part of a structure as provided in this subparagraph is not
18 permanently affixed to or a structural part of real estate if it is
19 assembled and installed in a manner that it can be disassembled
20 without affecting the physical structural functionality of the
21 original structure and reassembled and reused for any of the
22 purposes described in this subdivision or subdivision (f).

23 (vi) Greenhouses, including tangible personal property affixed
24 to or to be affixed to greenhouses and directly used in the
25 operation of a greenhouse. For purposes of subsection (3), a
26 greenhouse is not permanently affixed to or a structural part of
27 real estate if it is assembled and installed in a manner that it
28 can be disassembled and reassembled without affecting the
29 functionality of the greenhouse upon being reassembled.

1 (cc) The sale of agricultural land tile, subsurface irrigation
2 pipe, portable grain bins, greenhouses, and grain drying equipment
3 to a person in the business of constructing, altering, repairing,
4 or improving real estate for others to the extent that it is
5 affixed to and made a structural part of real estate for others and
6 is used for an exempt purpose described under subdivision (f) or
7 (bb).

8 (dd) The sale of tangible personal property used in the direct
9 gathering of fish, by net, line, or otherwise, by an owner-operator
10 of a business enterprise, not including a charter fishing business
11 enterprise.

12 (ee) 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 purposes described in
18 subdivision (f) or (bb). This exemption does not include a motor
19 vehicle licensed or required to be licensed for use on the public
20 roads or highways of this state or tangible personal property
21 permanently affixed to and becoming a structural part of real
22 estate.

23 (ff) The purchase or lease of a school bus or transportation-
24 related services, and parts or adaptive equipment affixed or to be
25 affixed to a school bus that are used in the repair, maintenance,
26 accommodation, or modification of a school bus, if the school bus
27 or services are primarily used in the performance of a contract
28 entered into with an authorized representative of a school for the
29 transportation of preprimary, primary, or secondary school pupils

1 to or from a school or school-related events authorized by the
2 administration of the school. However, if the school bus is used to
3 provide transportation-related services other than to or from a
4 school or school-related event authorized by the administration of
5 the school to a nonexempt entity, then the amount paid for those
6 services by the nonexempt entity is not exempt under this
7 subdivision. As used in this subdivision:

8 (i) "Lease" means any transfer of possession or control for a
9 fixed or indeterminate term for consideration and may include
10 future options to purchase or extend.

11 (ii) "School" means a public school or public school academy as
12 defined in section 5 of the revised school code, 1976 PA 451, MCL
13 380.5.

14 (iii) "School bus" means that term as defined in section 7 of
15 the pupil transportation act, 1990 PA 187, MCL 257.1807.

16 (gg) The sale of feminine hygiene products. As used in this
17 subdivision, "feminine hygiene products" means tampons, panty
18 liners, menstrual cups, sanitary napkins, and other similar
19 tangible personal property designed for feminine hygiene in
20 connection with the human menstrual cycle.

21 **(hh) The sale of children's diapers. As used in this**
22 **subdivision:**

23 (i) "Children's diapers" means diapers marketed to be worn by
24 children.

25 (ii) "Diaper" means an absorbent garment worn by humans who are
26 incapable of, or have difficulty, controlling their bladder or
27 bowel movements.

28 (2) The property or services under subsection (1) are exempt
29 only to the extent that the property or services are used for the

1 exempt purposes if one is stated in subsection (1). The exemption
2 is limited to the percentage of exempt use to total use determined
3 by a reasonable formula or method approved by the department.

4 (3) The exemptions under subsection (1)(f), (bb), (cc), and
5 (dd) do not include the transfers of food, fuel, clothing, or any
6 similar tangible personal property for personal living or human
7 consumption or tangible personal property permanently affixed to
8 and becoming a structural part of real estate unless it is
9 agricultural land tile, subsurface irrigation pipe, a portable
10 grain bin, or grain drying equipment.

11 (4) Subsection (1)(f), (bb), and (cc) as amended by 2018 PA
12 114 is intended to be retroactive and to apply to all periods open
13 under section 27a of 1941 PA 122, MCL 205.27a, but does not apply
14 to any refund claims filed before April 9, 2018.

15 (5) As used in this section:

16 (a) "Agricultural land tile" means fired clay or perforated
17 plastic tubing used as part of a subsurface drainage system for
18 land.

19 (b) "Algae" means any of the group of nonvascular aquatic
20 plants that do not have stems, flowers, leaves, and roots, and that
21 are single-celled, colonial, or filamentous forms.

22 (c) "Aquatic vegetation" means both algae and higher aquatic
23 plants.

24 (d) "Biomass" means crop residue used to produce energy or
25 agricultural crops grown specifically for the production of energy.

26 (e) "Greenhouse" means a structure covered with transparent or
27 translucent materials for the purpose of admitting natural light
28 and controlling the atmosphere for growing horticultural products.
29 Greenhouse does not include a structure primarily used to grow

1 marihuana.

2 (f) "Higher aquatic plant" means any of the group of
3 vascularized plants that have true stems, flowers, leaves, and
4 roots, that live in water, and that belong to the class
5 Angiospermae.

6 (g) "Portable grain bin" means a structure that is used or is
7 to be used to shelter grain and that is designed to be disassembled
8 without significant damage to its component parts.

9 (h) "Waters of the state" means that term as defined in
10 section 3302 of the natural resources and environmental protection
11 act, 1994 PA 451, MCL 324.3302.

12 Enacting section 1. This amendatory act takes effect 90 days
13 after the date it is enacted into law.