

HOUSE BILL NO. 4972

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

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 4a (MCL 205.54a), as amended by 2021 PA 108.

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 individuals operated by an
6 entity of government, a regularly organized church, religious
7 organization, or fraternal organization, a veterans' organization,

1 or a corporation incorporated under the laws of this state, if the
2 income or benefit from the operation does not inure, in whole or in
3 part, to an individual or private shareholder, directly or
4 indirectly, and if the activities of the entity or agency are
5 carried on exclusively for the benefit of the public at large and
6 are not limited to the advantage, interests, and benefits of its
7 members or any restricted group. A sale of tangible personal
8 property to a parent cooperative preschool is exempt from taxation
9 under this act. As used in this subdivision, "parent cooperative
10 preschool" means a nonprofit, nondiscriminatory educational
11 institution, maintained as a community service and administered by
12 parents of children currently enrolled in the preschool, that
13 provides an educational and developmental program for children
14 younger than compulsory school age, that provides an educational
15 program for parents, including active participation with children
16 in preschool activities, that is directed by qualified preschool
17 personnel, and that is licensed under 1973 PA 116, MCL 722.111 to
18 722.128.

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

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

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

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

29 (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) Except as otherwise provided under subsection (3), a sale
6 of tangible personal property to a person engaged in a business
7 enterprise that uses or consumes the tangible personal property,
8 directly or indirectly, for either the tilling, planting, draining,
9 caring for, maintaining, or harvesting of things of the soil or the
10 breeding, raising, or caring for livestock, poultry, or
11 horticultural products, including the transfers of livestock,
12 poultry, or horticultural products for further growth.

13 (f) Except as otherwise provided under subsection (3), a sale
14 of any of the following to a person engaged in a business
15 enterprise that uses or consumes the following for purposes as
16 described in subdivision (e):

17 (i) Machinery that is capable of simultaneously harvesting
18 grain or other crops and biomass and machinery used for the purpose
19 of harvesting biomass.

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

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

24 (iv) Grain drying equipment and the fuel or energy source that
25 powers that equipment, including tangible personal property affixed
26 or to be affixed to that equipment and directly used in the
27 operation of grain drying equipment.

28 (v) Tangible personal property purchased and installed as a
29 component part of a structure such as a barn or shop, including,

1 but not limited to, a water supply system, heating and cooling
2 system, lighting system, milking system, or any other appurtenance
3 used for purposes described in this subdivision or subdivision (e),
4 including the maintenance or improvement of existing structures, to
5 the extent that it is not permanently affixed to and does not
6 become a structural part of real estate. For purposes of this
7 subparagraph and subsection (3), property installed as a component
8 part of a structure as provided in this subparagraph is not
9 permanently affixed to or a structural part of real estate if it is
10 assembled and installed in a manner that it can be disassembled
11 without affecting the physical structural functionality of the
12 original structure and reassembled and reused for any of the
13 purposes described in this subdivision or subdivision (e).

14 (vi) Greenhouses, including tangible personal property affixed
15 to or to be affixed to greenhouses and directly used in the
16 operation of a greenhouse. For purposes of subsection (3), a
17 greenhouse is not permanently affixed to or a structural part of
18 real estate if it is assembled and installed in a manner that it
19 can be disassembled and reassembled without affecting the
20 functionality of the greenhouse upon being reassembled.

21 (g) The sale of agricultural land tile, subsurface irrigation
22 pipe, portable grain bins, greenhouses, and grain drying equipment
23 to a person in the business of constructing, altering, repairing,
24 or improving real estate for others to the extent that it is
25 affixed to and made a structural part of real estate for others and
26 is used for an exempt purpose described under subdivision (e) or
27 (f).

28 (h) The sale of tangible personal property used in the direct
29 gathering of fish, by net, line, or otherwise, by an owner-operator

1 of a business enterprise, not including a charter fishing business
2 enterprise.

3 (i) The sale of a copyrighted motion picture film or a
4 newspaper or periodical admitted under federal postal laws and
5 regulations effective September 1, 1985 as second-class mail matter
6 or as a controlled circulation publication or qualified to accept
7 legal notices for publication in this state, as defined by law, or
8 any other newspaper or periodical of general circulation,
9 established not less than 2 years, and published not less than once
10 a week. Tangible personal property used or consumed in producing a
11 copyrighted motion picture film, a newspaper published more than 14
12 times per year, or a periodical published more than 14 times per
13 year, and not becoming a component part of that film, newspaper, or
14 periodical is subject to the tax. Tangible personal property used
15 or consumed in producing a newspaper published 14 times or less per
16 year or a periodical published 14 times or less per year and that
17 portion or percentage of tangible personal property used or
18 consumed in producing an advertising supplement that becomes a
19 component part of a newspaper or periodical is exempt from the tax
20 under this subdivision. For purposes of this subdivision, tangible
21 personal property that becomes a component part of a newspaper or
22 periodical and consequently not subject to tax includes an
23 advertising supplement inserted into and circulated with a
24 newspaper or periodical that is otherwise exempt from tax under
25 this subdivision, if the advertising supplement is delivered
26 directly to the newspaper or periodical by a person other than the
27 advertiser, or the advertising supplement is printed by the
28 newspaper or periodical.

29 (j) A sale of tangible personal property to persons licensed

1 to operate commercial radio or television stations if the property
2 is used in the origination or integration of the various sources of
3 program material for commercial radio or television transmission.
4 This subdivision does not include a vehicle licensed and titled for
5 use on public highways or property used in the transmission to or
6 receiving from an artificial satellite.

7 (k) The sale of a prosthetic device, durable medical
8 equipment, or mobility enhancing equipment.

9 (l) The sale of a vehicle not for resale to a Michigan
10 nonprofit corporation organized exclusively to provide a community
11 with ambulance or fire department services.

12 (m) Before October 1, 2012, a sale of tangible personal
13 property to inmates in a penal or correctional institution
14 purchased with scrip or its equivalent issued and redeemed by the
15 institution.

16 (n) A sale of textbooks sold by a public or nonpublic school
17 to or for the use of students enrolled in any part of a
18 kindergarten through twelfth grade program.

19 (o) A sale of tangible personal property installed as a
20 component part of a water pollution control facility for which a
21 tax exemption certificate is issued under part 37 of the natural
22 resources and environmental protection act, 1994 PA 451, MCL
23 324.3701 to 324.3708, or an air pollution control facility for
24 which a tax exemption certificate is issued under part 59 of the
25 natural resources and environmental protection act, 1994 PA 451,
26 MCL 324.5901 to 324.5908.

27 (p) The sale or lease of the following to an industrial
28 laundry:

29 (i) Textiles and disposable products, including, but not

1 limited to, soap, paper, chemicals, tissues, deodorizers and
2 dispensers, and all related items such as packaging, supplies,
3 hangers, name tags, and identification tags.

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

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

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

12 (v) Production washroom equipment and mending and packaging
13 supplies and equipment.

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

16 (vii) Wastewater pretreatment equipment and supplies and
17 related maintenance and repair services.

18 (q) A sale of tangible personal property to a person holding a
19 direct payment permit under section 8 of the use tax act, 1937 PA
20 94, MCL 205.98.

21 (r) The sale of a dental prosthesis.

22 (s) A sale of tangible personal property that is specifically
23 designed for, and directly used in, the harvesting of aquatic
24 vegetation from the waters of the state, including parts and
25 materials used for repairs of that tangible personal property, to a
26 person engaged in a business enterprise of harvesting aquatic
27 vegetation and ultimately used for purposes described in
28 subdivision (e) or (f). This exemption does not include a motor
29 vehicle licensed or required to be licensed for use on the public

1 roads or highways of this state or tangible personal property
2 permanently affixed to and becoming a structural part of real
3 estate.

4 (t) A sale or lease of a school bus or transportation-related
5 services, and parts or adaptive equipment affixed or to be affixed
6 to a school bus that are used in the repair, maintenance,
7 accommodation, or modification of a school bus, if the school bus
8 or services are primarily used in the performance of a contract
9 entered into with an authorized representative of a school for the
10 transportation of preprimary, primary, or secondary school pupils
11 to or from a school or school-related events authorized by the
12 administration of the school. However, if the school bus is used to
13 provide transportation-related services other than to or from a
14 school or school-related event authorized by the administration of
15 the school to a nonexempt entity, then the amount paid for those
16 services by the nonexempt entity is not exempt under this
17 subdivision. As used in this subdivision:

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

21 (ii) "School" means a public school or public school academy as
22 those terms are defined in section 5 of the revised school code,
23 1976 PA 451, MCL 380.5.

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

26 (u) The sale of feminine hygiene products. As used in this
27 subdivision, "feminine hygiene products" means tampons, panty
28 liners, menstrual cups, sanitary napkins, and other similar
29 tangible personal property designed for feminine hygiene in

1 connection with the human menstrual cycle.

2 (v) **The sale of children's diapers. As used in this**
3 **subdivision:**

4 (i) **"Children's diapers" means diapers marketed to be worn by**
5 **children.**

6 (ii) **"Diaper" means an absorbent garment worn by humans who are**
7 **incapable of, or have difficulty, controlling their bladder or**
8 **bowel movements.**

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

14 (3) The exemptions under subsection (1)(e), (f), (g), and (h)
15 do not include transfers of food, fuel, clothing, or any similar
16 tangible personal property for personal living or human consumption
17 or tangible personal property permanently affixed to and becoming a
18 structural part of real estate unless it is agricultural land tile,
19 subsurface irrigation pipe, a portable grain bin, or grain drying
20 equipment.

21 (4) Subsection (1)(e), (f), and (g) as amended by 2018 PA 113
22 is intended to be retroactive and to apply to all periods open
23 under section 27a of 1941 PA 122, MCL 205.27a, but does not apply
24 to any refund claims filed before April 9, 2018.

25 (5) As used in this section:

26 (a) **"Agricultural land tile" means fired clay or perforated**
27 **plastic tubing used as part of a subsurface drainage system for**
28 **land.**

29 (b) **"Algae" means any of the group of nonvascular aquatic**

1 plants that do not have stems, flowers, leaves, and roots, and that
2 are single-celled, colonial, or filamentous forms.

3 (c) "Aquatic vegetation" means both algae and higher aquatic
4 plants.

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

7 (e) "Greenhouse" means a structure covered with transparent or
8 translucent materials for the purpose of admitting natural light
9 and controlling the atmosphere for growing horticultural products.
10 Greenhouse does not include a structure primarily used to grow
11 marihuana.

12 (f) "Higher aquatic plant" means any of the group of
13 vascularized plants that have true stems, flowers, leaves, and
14 roots, that live in water, and that belong to the class
15 Angiospermae.

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

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

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