

HOUSE BILL NO. 4979

September 17, 2025, Introduced by Rep. Morgan and referred to Committee on Transportation and Infrastructure.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending sections 3 and 21 (MCL 205.93 and 205.111), section 3
as amended by 2015 PA 124 and section 21 as amended by 2023 PA 175,
and by adding section 3g.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) There is levied upon and there shall be collected
2 from every person in this state a specific tax, including both the
3 local community stabilization share and the state share, for the
4 privilege of using, storing, or consuming tangible personal

1 property in this state at a total combined rate equal to 6% of the
 2 price of the property or services specified in section 3a, ~~or 3b,~~
 3 **or 3g**. The tax levied under this act applies to a person who
 4 acquires tangible personal property or services that are subject to
 5 the tax levied under this act for any tax-exempt use who
 6 subsequently converts the tangible personal property or service to
 7 a taxable use, including an interim taxable use. If tangible
 8 personal property or services are converted to a taxable use, the
 9 tax levied under this act ~~shall be~~ **is** imposed ~~without regard to~~
 10 **regardless of** any subsequent tax-exempt use. Penalties and interest
 11 shall be added to the tax if applicable as provided in this act.
 12 For ~~the purpose of~~ the proper administration of this act and to
 13 prevent the evasion of the tax, all of the following ~~shall be~~ **are**
 14 presumed:

15 (a) That tangible personal property purchased is subject to
 16 the tax if brought into this state ~~within~~ **not later than** 90 days ~~of~~
 17 **after** the purchase date and is considered as acquired for storage,
 18 use, or other consumption in this state.

19 (b) That tangible personal property used solely for personal,
 20 nonbusiness purposes that is purchased outside of this state and
 21 that is not an aircraft is exempt from the tax levied under this
 22 act if 1 or more of the following conditions are satisfied:

23 (i) The property is purchased by a person who is not a resident
 24 of this state at the time of purchase and is brought into this
 25 state more than 90 days after the date of purchase.

26 (ii) The property is purchased by a person who is a resident of
 27 this state at the time of purchase and is brought into this state
 28 more than 360 days after the date of purchase.

29 (2) The tax imposed by this section for the privilege of

1 using, storing, or consuming a vehicle, ORV, manufactured housing,
 2 aircraft, snowmobile, or watercraft ~~shall~~**must** be collected before
 3 the transfer of the vehicle, ORV, manufactured housing, aircraft,
 4 snowmobile, or watercraft, except a transfer to a licensed dealer
 5 or retailer for purposes of resale that arises by reason of a
 6 transaction made by a person who does not transfer vehicles, ORVs,
 7 manufactured housing, aircraft, snowmobiles, or watercraft in the
 8 ordinary course of ~~his or her~~**the person's** business done in this
 9 state. The **secretary of state shall collect the** tax on a vehicle,
 10 ORV, snowmobile, ~~and or~~ watercraft ~~shall be collected by the~~
 11 ~~secretary of state~~ before the transfer of the vehicle, ORV,
 12 snowmobile, or watercraft registration. The **department of licensing**
 13 **and regulatory affairs, manufactured housing commission, or its**
 14 **agent shall collect the** tax on manufactured housing ~~shall be~~
 15 ~~collected by the department of licensing and regulatory affairs,~~
 16 ~~mobile home commission, or its agent~~ before the transfer of the
 17 certificate of title. The **department shall collect the** tax on an
 18 aircraft. ~~shall be collected by the department of treasury.~~ The
 19 price tax base of a new or previously owned car or truck held for
 20 resale by a dealer and that is not exempt under section 4(1)(c) is
 21 the purchase price of the car or truck multiplied by 2.5% plus
 22 \$30.00 per month beginning with the month that the dealer uses the
 23 car or truck in a nonexempt manner.

24 (3) The following transfers or purchases are not subject to
 25 use tax:

26 (a) A transaction or a portion of a transaction if the
 27 transferee or purchaser is the spouse, ~~mother, father, brother,~~
 28 ~~sister,~~**parent, sibling,** child, stepparent, stepchild, ~~stepbrother,~~
 29 ~~stepsister,~~**stepsibling,** grandparent, grandchild, legal ward, or a

1 legally appointed guardian with a certified letter of guardianship,
2 of the transferor.

3 (b) A transaction or a portion of a transaction if the
4 transfer is a gift to a beneficiary in the administration of an
5 estate.

6 (c) If a vehicle, ORV, manufactured housing, aircraft,
7 snowmobile, or watercraft that has once been subjected to the
8 Michigan sales or use tax is transferred in connection with the
9 organization, reorganization, dissolution, or partial liquidation
10 of an incorporated or unincorporated business and the beneficial
11 ownership is not changed.

12 (d) If an insurance company licensed to conduct business in
13 this state acquires ownership of a late model distressed vehicle as
14 defined in ~~section 12a of the~~ Michigan vehicle code, 1949 PA 300,
15 MCL ~~257.12a, 257.1 to 257.923~~, through payment of damages in
16 response to a claim or ~~when~~**if** the person ~~who~~**that** owned the
17 vehicle before the insurance company reacquires ownership from the
18 company as part of the settlement of a claim.

19 (4) The department may utilize the services, information, or
20 records of any other department or agency of state government or of
21 the authority in the performance of its duties under this act, and
22 other departments or agencies of state government and the authority
23 ~~are required to~~**shall** furnish those services, information, or
24 records ~~upon~~**on** the request of the department.

25 (5) Beginning on October 1, 2015, the specific tax levied
26 under subsection (1) includes both a state share tax levied by this
27 state and a local community stabilization share tax authorized by
28 2014 PA 80 and levied by the authority, which replaces the reduced
29 state share at the following rates in each of the following state

1 fiscal years:

2 (a) For fiscal year 2015-2016, the local community
3 stabilization share tax rate to be levied by the authority is that
4 rate calculated by the department ~~of treasury~~ on behalf of the
5 authority sufficient to generate \$96,400,000.00 in revenue and the
6 state share tax rate is that rate determined by subtracting the
7 local community stabilization share tax rate from 6%.

8 (b) For fiscal year 2016-2017, the local community
9 stabilization share tax rate to be levied by the authority is that
10 rate calculated by the department ~~of treasury~~ on behalf of the
11 authority sufficient to generate \$380,900,000.00 in revenue and the
12 state share tax rate is that rate determined by subtracting the
13 local community stabilization share tax rate from 6%.

14 (c) For fiscal year 2017-2018, the local community
15 stabilization share tax rate to be levied by the authority is that
16 rate calculated by the department ~~of treasury~~ on behalf of the
17 authority sufficient to generate \$410,800,000.00 in revenue and the
18 state share tax rate is that rate determined by subtracting the
19 local community stabilization share tax rate from 6%.

20 (d) For fiscal year 2018-2019, the local community
21 stabilization share tax rate to be levied by the authority is that
22 rate calculated by the department ~~of treasury~~ on behalf of the
23 authority sufficient to generate \$438,000,000.00 in revenue and the
24 state share tax rate is that rate determined by subtracting the
25 local community stabilization share tax rate from 6%.

26 (e) For fiscal year 2019-2020, the local community
27 stabilization share tax rate to be levied by the authority is that
28 rate calculated by the department ~~of treasury~~ on behalf of the
29 authority sufficient to generate \$465,900,000.00 in revenue and the

1 state share tax rate is that rate determined by subtracting the
2 local community stabilization share tax rate from 6%.

3 (f) For fiscal year 2020-2021, the local community
4 stabilization share tax rate to be levied by the authority is that
5 rate calculated by the department ~~of treasury~~ on behalf of the
6 authority sufficient to generate \$491,500,000.00 in revenue and the
7 state share tax rate is that rate determined by subtracting the
8 local community stabilization share tax rate from 6%.

9 (g) For fiscal year 2021-2022, the local community
10 stabilization share tax rate to be levied by the authority is that
11 rate calculated by the department ~~of treasury~~ on behalf of the
12 authority sufficient to generate \$521,300,000.00 in revenue and the
13 state share tax rate is that rate determined by subtracting the
14 local community stabilization share tax rate from 6%.

15 (h) For fiscal year 2022-2023, the local community
16 stabilization share tax rate to be levied by the authority is that
17 rate calculated by the department ~~of treasury~~ on behalf of the
18 authority sufficient to generate \$548,000,000.00 in revenue and the
19 state share tax rate is that rate determined by subtracting the
20 local community stabilization share tax rate from 6%.

21 (i) For fiscal year 2023-2024, the local community
22 stabilization share tax rate to be levied by the authority is that
23 rate calculated by the department ~~of treasury~~ on behalf of the
24 authority sufficient to generate \$561,700,000.00 in revenue and the
25 state share tax rate is that rate determined by subtracting the
26 local community stabilization share tax rate from 6%.

27 (j) For fiscal year 2024-2025, the local community
28 stabilization share tax rate to be levied by the authority is that
29 rate calculated by the department ~~of treasury~~ on behalf of the

1 authority sufficient to generate \$569,800,000.00 in revenue and the
2 state share tax rate is that rate determined by subtracting the
3 local community stabilization share tax rate from 6%.

4 (k) For fiscal year 2025-2026, the local community
5 stabilization share tax rate to be levied by the authority is that
6 rate calculated by the department ~~of treasury~~ on behalf of the
7 authority sufficient to generate \$571,400,000.00 in revenue and the
8 state share tax rate is that rate determined by subtracting the
9 local community stabilization share tax rate from 6%.

10 (l) For fiscal year 2026-2027, the local community
11 stabilization share tax rate to be levied by the authority is that
12 rate calculated by the department ~~of treasury~~ on behalf of the
13 authority sufficient to generate \$572,200,000.00 in revenue and the
14 state share tax rate is that rate determined by subtracting the
15 local community stabilization share tax rate from 6%.

16 (m) For fiscal year 2027-2028, the local community
17 stabilization share tax rate to be levied by the authority is that
18 rate calculated by the department ~~of treasury~~ on behalf of the
19 authority sufficient to generate \$572,600,000.00 in revenue and the
20 state share tax rate is that rate determined by subtracting the
21 local community stabilization share tax rate from 6%.

22 (n) For fiscal year 2028-2029 and each fiscal year thereafter,
23 the local community stabilization share tax rate to be levied by
24 the authority is that rate calculated by the department ~~of treasury~~
25 on behalf of the authority sufficient to generate the amount
26 distributed under this section in the immediately preceding year
27 adjusted by the personal property growth factor and the state share
28 tax rate is that rate determined by subtracting the local community
29 stabilization share tax rate from 6%.

1 (6) The state share includes the portion of the use tax
2 imposed at the additional rate of 2% approved by the electors of
3 this state on March 15, 1994 and dedicated for aid to schools under
4 section 21(2). The local community stabilization share does not
5 include the portion of the use tax imposed at the additional rate
6 of 2% approved by the electors of this state on March 15, 1994.

7 (7) The total combined rate of the tax levied by this state
8 and the authority under this act, including both the state share,
9 as reduced by 2014 PA 80, and the local community stabilization
10 share, ~~shall~~**must** not exceed the constitutional limit of 6% under
11 section 8 of article IX of the state constitution of 1963. The
12 authority shall not increase any tax or tax rate, but is authorized
13 to and shall levy the local community stabilization share at the
14 rate provided in subsection (5).

15 **Sec. 3g. (1) The use or consumption of advertising services is**
16 **taxed under this act in the same manner as tangible personal**
17 **property is taxed under this act.**

18 **(2) The use or consumption of advertising services is**
19 **considered to occur in this state if the advertisement is**
20 **delivered, disseminated, displayed, or otherwise made available to**
21 **individuals or businesses located within this state, regardless of**
22 **the location of the provider of the advertising services. If an**
23 **advertisement is disseminated to an audience located in multiple**
24 **states, the tax applies to the portion of the advertising service**
25 **that is reasonably attributable to individuals or businesses**
26 **located within this state. If the location of the audience cannot**
27 **be reasonably determined, the advertisement must be sourced to the**
28 **purchaser's billing address.**

29 **(3) Notwithstanding anything in this act to the contrary, the**

1 tax must be collected and remitted by the provider of the
2 advertising services.

3 (4) As used in this section:

4 (a) "Advertisement" means a representation that is intended to
5 induce, or is likely to induce, directly or indirectly, the
6 purchase or use of any property or service.

7 (b) "Advertising services" includes both of the following:

8 (i) The provision of an advertisement to a client.

9 (ii) The distribution of an advertisement to an audience on
10 behalf of a client, whether through the internet, television,
11 radio, newspaper, magazines, billboards, or any other means.

12 (c) "Billboard" means that term as defined in section 2 of the
13 highway advertising act of 1972, 1972 PA 106, MCL 252.302.

14 Sec. 21. (1) Except as otherwise provided in this section, all
15 money received and collected under this act must be deposited by
16 the department of treasury in the state treasury to the credit of
17 the general fund, to be disbursed only by appropriations by the
18 legislature.

19 (2) The collections from the use tax imposed at the additional
20 rate of 2% approved by the electors on March 15, 1994 must be
21 deposited in the state school aid fund.

22 (3) In addition to the money deposited in the state school aid
23 fund under subsection (2), from the money received and collected
24 under this act for the state share, an amount equal to the sum of
25 the following, as determined by the department, must be deposited
26 in the state school aid fund:

27 (a) All revenue lost under the state education tax act, 1993
28 PA 331, MCL 211.901 to 211.906, as a result of the exemption of
29 personal property under sections 9m, 9n, and 9o of the general

1 property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

2 (b) All revenue lost from basic school operating mills as a
3 result of the exemption of personal property under sections 9m, 9n,
4 and 9o of the general property tax act, 1893 PA 206, MCL 211.9m,
5 211.9n, and 211.9o.

6 (c) All revenue lost to the state school aid fund as a result
7 of the exemption under section 4(1)(gg).

8 (d) All revenue lost to the state school aid fund as a result
9 of the exemption under section 4cc. A person that claims an
10 exemption under section 4cc shall report the purchase price of the
11 data center equipment as defined in section 4cc and any other
12 information necessary to determine the amount of revenue lost to
13 the state school aid fund as a result of the exemption under
14 section 4cc annually on a form at the time and in a manner
15 prescribed by the department. The report required under this
16 subdivision must not include any remittance for tax and does not
17 constitute a return or otherwise alleviate the person's obligations
18 under section 6.

19 (e) All revenue lost to the state school aid fund as a result
20 of the exclusion under section 2(1)(f)(xv).

21 (4) Money received and collected under this act for the local
22 community stabilization share is not state funds, must not be
23 credited to the state treasury, and must be transmitted to the
24 authority for deposit in the treasury of the authority, to be
25 disbursed by the authority only as authorized under the local
26 community stabilization authority act, 2014 PA 86, MCL 123.1341 to
27 123.1362. The local community stabilization share is a local tax,
28 not a state tax, and money received and collected for the local
29 community stabilization share is money of the authority and not

1 money of this state.

2 (5) Beginning October 1, 2016 and the first day of each
3 calendar quarter thereafter, from the money received and collected
4 under this act for the state share, an amount equal to the
5 collections for the calendar quarter that is 2 calendar quarters
6 immediately preceding the current calendar quarter of the tax
7 imposed under this act at the additional rate of 2% approved by the
8 electors on March 15, 1994 from the use, storage, or consumption of
9 aviation fuel must be distributed as follows:

10 (a) An amount equal to 35% of the collections of the tax
11 imposed at a rate of 2% on the use, storage, or consumption of
12 aviation fuel must be deposited in the state aeronautics fund and
13 must be expended, on appropriation, only for those purposes
14 authorized in the aeronautics code of the state of Michigan, 1945
15 PA 327, MCL 259.1 to 259.208.

16 (b) An amount equal to 65% of the collections of the tax
17 imposed at a rate of 2% on the use, storage, or consumption of
18 aviation fuel must be deposited in the qualified airport fund and
19 must be expended, on appropriation, only for those purposes
20 authorized under section 35 of the aeronautics code of the state of
21 Michigan, 1945 PA 327, MCL 259.35.

22 (6) The department shall, on an annual basis, reconcile the
23 amounts distributed under subsection (5) during each fiscal year
24 with the amounts actually collected for a particular fiscal year
25 and shall make any necessary adjustments, positive or negative, to
26 the amounts to be distributed for the next successive calendar
27 quarter that begins January 1. The state treasurer or the state
28 treasurer's designee shall annually provide to the operator of each
29 qualified airport a report of the reconciliation performed under

1 this subsection. The reconciliation report is subject to the
 2 confidentiality restrictions and penalties provided in section
 3 28(1)(f) of 1941 PA 122, MCL 205.28.

4 (7) Beginning with the fiscal year ending September 30, 2024
 5 and each fiscal year thereafter, from the money received and
 6 collected under this act for the state share, \$75,000,000.00 must
 7 be deposited into the local government reimbursement fund created
 8 in section 3a of the Michigan trust fund act, 2000 PA 489, MCL
 9 12.253a.

10 **(8) From the money received and collected under this act for**
 11 **the state share, an amount equal to the collections of the tax**
 12 **imposed at a rate of 6% on the use or consumption of advertising**
 13 **services under section 3g must be deposited in the Michigan**
 14 **transportation fund.**

15 **(9) ~~(8)~~As used in this section:**

16 (a) "Aviation fuel" means fuel as that term is defined in
 17 section 4 of the aeronautics code of the state of Michigan, 1945 PA
 18 327, MCL 259.4.

19 **(b) "Michigan transportation fund" means the Michigan**
 20 **transportation fund created in section 10 of 1951 PA 51, MCL**
 21 **247.660.**

22 **(c) ~~(b)~~"Qualified airport"** means that term as defined in
 23 section 109 of the aeronautics code of the state of Michigan, 1945
 24 PA 327, MCL 259.109.

25 **(d) ~~(e)~~"Qualified airport fund"** means the qualified airport
 26 fund created in section 34(2) of the aeronautics code of the state
 27 of Michigan, 1945 PA 327, MCL 259.34.

28 **(e) ~~(d)~~"State aeronautics fund"** means the state aeronautics
 29 fund created in section 34(1) of the aeronautics code of the state

1 of Michigan, 1945 PA 327, MCL 259.34.
2 (f) ~~(e)~~ "State school aid fund" means the state school aid
3 fund established in section 11 of article IX of the state
4 constitution of 1963.