

SENATE BILL NO. 561

September 18, 2025, Introduced by Senators CHERRY, WEBBER and MOSS and referred to Committee on Appropriations.

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 25 (MCL 205.75), as amended by 2023 PA 20.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25. (1) All money received and collected under this act
2 must be deposited by the department in the state treasury to the
3 credit of the general fund, except as otherwise provided in this
4 section.

5 (2) Fifteen percent of the collections of the tax imposed at a
6 rate of 4% must be distributed to cities, villages, and townships

1 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971
2 PA 140, MCL 141.901 to 141.921.

3 (3) Sixty percent of the collections of the tax imposed at a
4 rate of 4% must be deposited in the state school aid fund and
5 distributed as provided by law. In addition, all of the collections
6 of the tax imposed at the additional rate of 2% approved by the
7 electors on March 15, 1994 must be deposited in the state school
8 aid fund.

9 (4) Except as otherwise provided in this subsection, not less
10 than 27.9% of 25% of the collections of the general sales tax
11 imposed at a rate of 4% directly or indirectly on fuels sold to
12 propel motor vehicles upon highways, on the sale of motor vehicles,
13 and on the sale of the parts and accessories of motor vehicles by
14 new and used car businesses, used car businesses, accessory dealer
15 businesses, and gasoline station businesses as classified by the
16 department must be deposited each year into the comprehensive
17 transportation fund. ~~For the fiscal year ending September 30, 2021~~
18 ~~only, the amount deposited into the comprehensive transportation~~
19 ~~fund under this subsection must be reduced by \$18,000,000.00 and~~
20 ~~that \$18,000,000.00 must be deposited into the transportation~~
21 ~~administration collection fund.~~

22 (5) **Beginning October 1, 2025, 8.6% of the collections of the**
23 **tax imposed at a rate of 4% must be deposited into the revenue**
24 **sharing trust fund created under section 11a of the Michigan trust**
25 **fund act, 2000 PA 489, MCL 12.261a, and must be distributed to**
26 **cities, villages, townships, and counties pursuant to section 11b**
27 **of the Michigan trust fund act, 2000 PA 489, MCL 12.261b.**

28 (6) ~~(5)~~ Beginning October 1, 2016 and the first day of each
29 calendar quarter thereafter, an amount equal to the collections for

1 the calendar quarter that is 2 calendar quarters immediately
2 preceding the current calendar quarter of the tax imposed under
3 this act at the additional rate of 2% approved by the electors on
4 March 15, 1994 from the sale at retail of aviation fuel must be
5 distributed as follows:

6 (a) An amount equal to 35% of the collections of the tax
7 imposed at a rate of 2% on the sale at retail of aviation fuel must
8 be deposited in the state aeronautics fund and must be expended, on
9 appropriation, only for those purposes authorized in the
10 aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1
11 to 259.208.

12 (b) An amount equal to 65% of the collections of the tax
13 imposed at a rate of 2% on the sale at retail of aviation fuel must
14 be deposited in the qualified airport fund and must be expended, on
15 appropriation, only for those purposes authorized under section 35
16 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL
17 259.35.

18 (7) ~~(6)~~—The department shall, on an annual basis, reconcile
19 the amounts distributed under subsection ~~(5)~~ **(6)** during each fiscal
20 year with the amounts actually collected for a particular fiscal
21 year and shall make any necessary adjustments, positive or
22 negative, to the amounts to be distributed for the next successive
23 calendar quarter that begins January 1. The state treasurer or the
24 state treasurer's designee shall annually provide to the operator
25 of each qualified airport a report of the reconciliation performed
26 under this subsection. The reconciliation report is subject to the
27 confidentiality restrictions and penalties provided in section
28 28(1)(f) of 1941 PA 122, MCL 205.28.

29 **(8)** ~~(7)~~—An amount equal to the collections of the tax imposed

1 at a rate of 4% under this act from the sale at retail of computer
2 software must be deposited in the Michigan health initiative fund
3 created in section 5911 of the public health code, 1978 PA 368, MCL
4 333.5911, and must be considered in addition to, and is not
5 intended as a replacement for any other money appropriated to the
6 department of health and human services. The funds deposited in the
7 Michigan health initiative fund on an annual basis must not be less
8 than \$9,000,000.00 or more than \$12,000,000.00.

9 (9) ~~(8)~~—In addition to the money deposited in the state school
10 aid fund under subsection (3), an amount equal to the sum of the
11 following, as determined by the department, must be deposited into
12 the state school aid fund:

13 (a) All revenue lost to the state school aid fund as a result
14 of the exemption under section 4a(1)(u).

15 (b) All revenue lost to the state school aid fund as a result
16 of the exemption under section 4ee. A person that claims an
17 exemption under section 4ee shall report the sales price of the
18 data center equipment as defined in section 4ee and any other
19 information necessary to determine the amount of revenue lost to
20 the state school aid fund as a result of the exemption under
21 section 4ee annually on a form at the time and in a manner
22 prescribed by the department. The report required under this
23 subdivision must not include any remittance for tax, and does not
24 constitute a return or otherwise alleviate any obligations under
25 section 6.

26 (c) All revenue lost to the state school aid fund as a result
27 of the exclusion under section 1(1)(d)(xv).

28 (10) ~~(9)~~—The balance in the state general fund shall be
29 disbursed only on an appropriation or appropriations by the

1 legislature.

2 (11) ~~(10)~~—As used in this section:

3 (a) "Aviation fuel" means fuel as that term is defined in
4 section 4 of the aeronautics code of the state of Michigan, 1945 PA
5 327, MCL 259.4.

6 (b) "Comprehensive transportation fund" means the
7 comprehensive transportation fund created in section 10b of 1951 PA
8 51, MCL 247.660b.

9 (c) "Qualified airport" means that term as defined in section
10 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
11 MCL 259.109.

12 (d) "Qualified airport fund" means the qualified airport fund
13 created in section 34(2) of the aeronautics code of the state of
14 Michigan, 1945 PA 327, MCL 259.34.

15 (e) "State aeronautics fund" means the state aeronautics fund
16 created in section 34(1) of the aeronautics code of the state of
17 Michigan, 1945 PA 327, MCL 259.34.

18 (f) "State school aid fund" means the state school aid fund
19 established in section 11 of article IX of the state constitution
20 of 1963.

21 (g) "Transportation administration collection fund" means the
22 transportation administration collection fund created in section
23 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

24 Enacting section 1. This amendatory act does not take effect
25 unless all of the following bills of the 103rd Legislature are
26 enacted into law:

27 (a) Senate Bill No. 560.

28 (b) Senate Bill No. 559.