

**SUBSTITUTE FOR
HOUSE BILL NO. 4260**

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

9 (3) Sixty percent of the collections of the tax imposed at a



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

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

19 **(5) Beginning with the 2025-2026 fiscal year and each fiscal**
 20 **year thereafter, \$115,000,000.00 of the collections of the tax**
 21 **imposed at a rate of 4% for the immediately preceding fiscal year**
 22 **must be deposited in the public safety and violence prevention fund**
 23 **created under section 11a of the Michigan trust fund act, 2000 PA**
 24 **489, MCL 12.261a, and distributed as provided by law.**

25 **(6)** ~~(5)~~ Beginning October 1, 2016 and the first day of each
 26 calendar quarter thereafter, an amount equal to the collections for
 27 the calendar quarter that is 2 calendar quarters immediately
 28 preceding the current calendar quarter of the tax imposed under
 29 this act at the additional rate of 2% approved by the electors on



March 15, 1994 from the sale at retail of aviation fuel must be distributed as follows:

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

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

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

(8) ~~(7)~~—An amount equal to the collections of the tax imposed at a rate of 4% under this act from the sale at retail of computer software must be deposited in the Michigan health initiative fund created in section 5911 of the public health code, 1978 PA 368, MCL



1 333.5911, and must be considered in addition to, and is not
2 intended as a replacement for any other money appropriated to the
3 department of health and human services. The funds deposited in the
4 Michigan health initiative fund on an annual basis must not be less
5 than \$9,000,000.00 or more than \$12,000,000.00.

6 **(9)** ~~(8)~~—In addition to the money deposited in the state school
7 aid fund under subsection (3), an amount equal to the sum of the
8 following, as determined by the department, must be deposited into
9 the state school aid fund:

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

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

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

25 **(10)** ~~(9)~~—The balance in the state general fund shall be
26 disbursed only on an appropriation or appropriations by the
27 legislature.

28 **(11)** ~~(10)~~—As used in this section:

29 (a) "Aviation fuel" means fuel as that term is defined in



1 section 4 of the aeronautics code of the state of Michigan, 1945 PA
2 327, MCL 259.4.

3 (b) "Comprehensive transportation fund" means the
4 comprehensive transportation fund created in section 10b of 1951 PA
5 51, MCL 247.660b.

6 (c) "Qualified airport" means that term as defined in section
7 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
8 MCL 259.109.

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

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

15 (f) "State school aid fund" means the state school aid fund
16 established in section 11 of article IX of the state constitution
17 of 1963.

18 (g) "Transportation administration collection fund" means the
19 transportation administration collection fund created in section
20 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

21 Enacting section 1. This amendatory act does not take effect
22 unless House Bill No. 4261 of the 103rd Legislature is enacted into
23 law.

