SENATE BILL NO. 570

June 24, 2021, Introduced by Senator VICTORY and referred to the Committee on Finance.

A bill to amend 1933 PA 167, entitled

"General sales tax act,"

by amending section 4d (MCL 205.54d), as amended by 2017 PA 48.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 4d. The following are exempt from the tax under this act:

(a) The sale of tangible personal property to a person who is a lessor licensed under the use tax act, 1937 PA 94, MCL 205.91 to 205.111, and whose rental receipts are taxed or specifically exempt under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(b) The sale of a vehicle acquired for lending or leasing to a public or parochial school for use in a course in driver education.

(c) The sale of a vehicle purchased by a public or parochial school if that vehicle is certified for driver education and is not reassigned for personal use by the school's administrative personnel.

(d) The sale of water through water mains, the sale of water delivered in bulk tanks in quantities of not less than 500 gallons, or the sale of bottled water.

(e) The sale of tangible personal property to a person for demonstration purposes. For a dealer selling a new car or truck, the exemption for demonstration purposes ~~shall be~~ **is** determined by the number of new cars and trucks sold during the current calendar year or the immediately preceding year without regard to specific make or style ~~in accordance with~~ **according to** the following schedule ~~of~~ **but not to exceed 25 cars and trucks in a calendar year for demonstration purposes:**

(i) 0 to 25, 2 units. ~~;~~

(ii) 26 to 100, 7 units. ~~;~~

(iii) 101 to 500, 20 units. ~~;~~

(iv) 501 or more, 25 units. ~~; but not to exceed 25 cars and trucks in a calendar year for demonstration purposes.~~

(f) Specific charges for technical support or for adapting or modifying prewritten computer software programs to a purchaser's needs or equipment if those charges are separately stated and identified.

(g) The sale of computer software originally designed for the exclusive use and special needs of the purchaser.

(h) The sale of a commercial advertising element if the commercial advertising element is used to create or develop a print, radio, television, or other advertisement, the commercial advertising element is discarded or returned to the provider after the advertising message is completed, and the commercial advertising element is custom developed by the provider for the purchaser. As used in this subdivision, "commercial advertising element" means a negative or positive photographic image, an audiotape or videotape master, a layout, a manuscript, writing of copy, a design, artwork, an illustration, retouching, and mechanical or keyline instructions. This exemption does not include black and white or full color process separation elements, an audiotape reproduction, or a videotape reproduction.

(i) A sale made outside of the ordinary course of the seller's business.

(j) An isolated transaction by a person not licensed or required to be licensed under this act, in which tangible personal property is offered for sale, sold, or transferred and delivered by the owner.

(k) The sale of oxygen for human use dispensed pursuant to a prescription.

(*l*) The sale of insulin for human use.

(m) Before January 1, 2016, the sale of tangible personal property for use in construction or renovation of a qualified convention facility under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379. As used in this subdivision, "qualified convention facility" means that term as defined in section 5 of the regional convention facility authority act, 2008 PA 554, MCL 141.1355.

(n) The sale of tangible personal property for use in eligible activities described in section 2(o)(*iv*) of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652, on eligible property that is included in a transformational brownfield plan, to the extent that the tangible personal property will be affixed to and made a structural part of the real property or infrastructure improvements included within the transformational brownfield plan. As used in this subdivision, "eligible property", "infrastructure improvements", and "transformational brownfield plan" mean those terms as defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(o) The sale of a motorcycle to a motorcycle rental company or motorcycle manufacturer as part of a motorcycle demonstration rental program. As used in this subdivision:

(*i*) "Motorcycle demonstration rental program" means a cyclical arrangement between a motorcycle manufacturer and a motorcycle rental company where all of the following occur:

(A) The motorcycle manufacturer sells motorcycles to the motorcycle rental company for a nominal amount in order to promote motorcycle sales.

(B) The motorcycle rental company rents the motorcycles described in sub-subparagraph (A) to its customers for a rental price.

(C) The motorcycle rental company sells the motorcycles described in sub-subparagraph (A) back to the motorcycle manufacturer for a nominal amount within 18 months of purchasing the motorcycles in order to purchase and offer for rent newer model motorcycles in the manner described in this subparagraph.

(*ii*) "Motorcycle rental company" means a person that is engaged in the business of renting motorcycles to customers under rental

agreements for periods of 90 days or less.

(*iii*) "Nominal amount" means an amount that is less than 1% of the fair market value of the motorcycle.

(*iv*) "Rental price" means an amount determined based on the duration of the motorcycle rental transaction, the rental rate, and any mandatory fees.