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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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DIRECTOR

OFFICIAL

Emailed 01/20/05 (kb)

Bureau of Workforce Programs
Policy Issuance (PI): 04-24

Date: January 20, 2005

To: Michigan Works! Agency (MWA) Directors

From: Brenda C. Njiwaji, Director, Bureau of Workforce Programs **SIGNED**

Subject: Sales and Use Tax Exempt Car Purchases for Work First Participants

Programs Affected: Work First

References: State of Michigan Public Act 312 of 2004; Michigan Department of Career Development, Office of Workforce Development (OWD), PI 01-40, Change 4

Rescissions: None

Background: Effective January 1, 2005, Public Act 312 exempts the Family Independence Agency (FIA) and other qualified non-profit organizations from tax on the storage, use, or consumption of an eligible automobile purchase. If MWAs or their service providers are properly authorized non-profit organizations, they will need to incorporate the tax exemption into their Supportive Services policies. Any references to “qualified” or “eligible” are as defined in Public 312 of 2004. Public Acts may be accessed at <http://www.michiganlegislature.org>

Policy: The amount of the tax-exemption is limited to the applicable tax on expenditures up to the \$1,200 maximum allowance for automobile purchases provided under OWD PI 01-40, Change 4. The tax-exemption only applies to the amount of the eligible automobile purchase paid for by the qualified organization up to the \$1,200 maximum allowance. The difference between \$1,200 and any higher purchase price would be subject to normal taxation. For example, if the nonprofit agrees to put \$1,200 toward the purchase of a vehicle that costs \$1,500, the remaining \$300 would be subject to normal taxation.

The FIA has developed a form, *FIA PUB 83*, that when completed, verifies tax-exempt status for the qualified recipient and the eligible vehicle to be purchased. This completed form will need to be attached to the vehicle title application. A copy of the form is included with this PI. *FIA PUB 83* will be placed into a Management Information System (MIS) screen where Supportive Services information is entered. The completed form will then be printed out for attachment to the title application.

The necessary updates to the MIS will be provided in a separate PI change for the Welfare Reform Management Information Guide (WRMIG).

In order to be valid, *FIA PUB 83* has a section in the lower right corner of the document for an embossed State of Michigan seal. Provisions for the acquisition of the seals were provided under separate correspondence.

MWAs need to ensure that the devices are kept secure and well maintained. When the car purchase process is ready to proceed, MWAs will place the embossed seal on the form and submit the sealed form with the vehicle title application to the Secretary of State.

Action: MWA officials shall take the appropriate actions necessary to determine if the MWA and/or its Service Providers meet the criteria for being a qualified organization per Public Act 312. If the MWA or Service Provider is a qualified organization, then *FIA PUB Form 83* with an embossed State of Michigan Seal may be completed and used for a tax-exemption on an eligible automobile purchase. If the MWAs determine that qualified organization status is not met, then the directives for the completion and submission of *FIA PUB Form 83* shall be disregarded.

Inquiries: Questions regarding this PI should be directed to your Welfare Reform grant coordinator.

The information contained in this PI will be made available in alternative format (large type, audio tape, etc.) upon special request received by this office.

**Expiration
Date:**

N/A

BCN:DA:NO:dd
Attachment



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
FAMILY INDEPENDENCE AGENCY
AND
MICHIGAN WORKS!
LANSING



(Date)

Dear Secretary of State Branch Office or Michigan Auto Dealer:

Effective January 1, 2005, Public Act 301 and 312 exempts the Family Independence Agency and other qualified non-profit organizations, including Michigan Works Agencies, from sales and use tax on eligible automobile purchases.

This original notification verifies tax exempt status for the qualified recipient and eligible vehicle listed below. The vehicle is to be titled in the recipient's name. Attach this tax exempt claim with the title application.

<p>Recipient Name:</p> <p>Tax Exempt Amount:</p> <p>Vehicle Make:</p> <p>Vehicle Model:</p> <p>Vehicle Year:</p>
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<p>Official Seal</p>

Valid only as an original, unaltered document, containing a raised Great Seal of Michigan.
FIA-Pub 83 (10-04) MS Word

The Family Independence Agency will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, height, weight, marital status, political beliefs or disability. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you are invited to make your needs known to an FIA office in your county.