



*Keeping Michigan consumers safe and informed.*

# Attorney General Bill Schuette's **CONSUMER EDUCATION**

## **SAVVY SELLING: MICHIGAN YARD SALES AND THE LAW**

Except for the sorting and deciding to let go of it part, hosting a yard sale should be easy, right? Put your items in the yard; post signs; and watch your items disappear as you make a little pocket change.

Not so simple. Hosting a garage sale in 2017 may require you to consider some legal issues first. If you're considering hosting a yard sale this summer, keep reading.

Here is a list of legal issues to consider:

- The Consumer Protection Safety Law;
- Local and municipal permit requirements; and
- Tax laws (income taxes and sales taxes).

### **Consumer Protection Safety Law: Are your items safe?**

Federal law regulates the safety of items sold at yard sales. The Consumer Product Safety Improvement Act of 2008 (CPSIA) strengthened rules on manufacturers and sellers to ensure the goods they sell are safe. It also made it illegal to sell recalled products.



The CPSIA applies not just to manufacturers and primary sellers, but also to resellers—and a yard sale “merchant” is a reseller. Therefore, individuals holding yard sales are legally responsible under the CPSIA for any recalled products they sell.

You are obligated to check whether any items you offer for sale have been recalled—especially if you plan to sell children's items, such as toys, car seats, cribs, playpens, or highchairs.

## Researching recalls

Buyers and sellers who want to check for recalls to avoid unsafe products can [search the recall list on the U.S. Consumer Product Safety Commission website](#).

In addition, six federal agencies joined together to create recalls.gov—a “one stop shop” for [U.S. government recalls](#).

If you have a recalled item, do not sell it or give it away. Instead, ask the manufacturer if you can return it for a refund. Even if you can't, do not pass on a potential problem item to an unsuspecting neighbor, customer, or charity.

[To report a dangerous product or a product-related injury](#) go online or call CPSC's Hotline at 800-638-2772. [News release and recall information is available online](#), and on [Twitter @USCPSC](#).

## What is a consumer product?

A consumer product is any product that is found in or around the home, a school, or in a recreational setting. Consumer products may include, but are not limited to, furniture, appliances, rugs, curtains, bed linens, wearing apparel, jewelry, toys, sports equipment and electronics.

Exceptions include tobacco products, motor vehicles and motor vehicle equipment, pesticides, firearms and ammunition, aircraft and aircraft equipment, boats, drugs, medical devices, cosmetics and food. These products are regulated by other federal agencies.

Source: [CPSC Handbook](#) for Resale Stores and Product Resellers

## Local and municipal ordinances: Do you need a permit?

Even if the CSPIA does not prevent you from selling your goods at a yard sale, there are more legal issues to consider, such as whether you will need a permit.

Many Michigan municipalities require permits to hold yard sales. In addition to requiring permits that can range from \$1 to more than \$35, regulations may also limit the number of sales you can have a year (1-6) and the duration of each sale (1-3 days).

Some communities don't allow sale items to be displayed in the front yard and require they be placed near a garage or in the back yard.

## PRODUCTS TO WATCH FOR

### Hoverboards

In early 2016, the CPSC announced new hoverboard safety standards requiring proper UL certification for all units and chargers.

Underwriters Laboratories, (UL), is an independent safety testing company. The agency found that any device without this certification “poses an unreasonable risk of fire to consumers.” More than 500,000 hoverboards were recalled, so you want to make sure you do not buy or sell one of those at a yard sale.



Last month, the [CPSC issued a warning about LayZ Board Hoverboards](#), after the agency investigated a house fire reportedly caused by a LayZ Board (not-to-be-confused with “Lazyboard”) hoverboard that resulted in the death of two young girls. The agency urged the public to stop using and charging these boards and to share the warning with friends and family.

Bottom line: look for the UL logo. No matter the brand of a hoverboard, unless it is UL certified, it represents a safety hazard and should not be sold or used by consumers.

### Fidget spinners

Fidget spinners—the viral children's toy making headlines for choking-related dangers—should be on your keep-an-eye-on-it list to see if the safety concerns rise and the warnings convert into recalls.



## Will you need to pay income taxes on your yard sale profits?

The Internal Revenue Service might treat any money you receive from any source as income. However, unless you plan on holding yard sales regularly or as a business, you will probably not owe taxes on your profits.

Since most yard sale sellers are casual, infrequent sellers whose items usually net less than the price they paid for the items, there are no taxable capital gains. In those cases generally, that income is not required to be reported, but neither are the losses deductible.

However, if you are lucky enough to sell an item for more than you paid for it, you will generally be required to report this gain as taxable income. Examples of items that commonly increase in value are art, antiques, and collectibles. If you have questions, consult a tax expert.

## Will you need to collect sales taxes at your yard sale?

In Michigan, most yard sales are considered “casual” or “isolated” sales, and as such are not subject to state sales tax.

## Popular Michigan yard sales

For those looking for bargains, Michigan is home for some noteworthy, much-anticipated yearly sales. These include:

1. [The Highway 127 Corridor Sale](#), a/k/a “The World’s Longest Yard Sale” that runs 700 miles from Addison, MI to Gadsden, AL; August 3-6, 2017;
2. [The US 12 Heritage Garage Sale](#), a/k/a “Michigan’s Longest Garage Sale,” runs 180 miles from New Buffalo to Detroit; August 11-13, 2017; and



3. [The Antique Yard Sale Trail](#) that runs 150 miles from New Baltimore to Algonac; August 11-13, 2017.

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