

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1370 (as enrolled)
Sponsor: Senator Virgil C. Smith, Jr.
Senate Committee: Finance
House Committee: Tax Policy

PUBLIC ACT 548 of 1998

Date Completed: 1-21-99

CONTENT

The bill amended the City Utility Users Tax Act to reduce the population requirement to 750,000, from 1 million, for a city to be eligible to impose a city utility users tax.

Therefore, under the Act, a city with a population of 750,000 or more (Detroit) may impose a city utility users tax at a rate of up to 5% on intrastate telephone services, electrical energy and steam, and gas, when provided by a public utility or a resale customer.

The bill was tie-barred to House Bill 5391 (Public Act 500 of 1998), which amended the City Income Tax Act to reduce the population requirement to 750,000, from 1 million, for a city to be eligible to impose an income tax of up to 3% on residents and 1.5% on nonresidents. Further, the bill provides that, beginning July 1, 1999, and each year thereafter, the maximum tax rate on residents must be lowered by .1% until it reaches a rate of 2%. The rate imposed on nonresidents in any given year must be 50% of the rate imposed on residents.

MCL 141.1152 Legislative Analyst: G. Towne

FISCAL IMPACT

The bill has no State fiscal impact. The bill allows the City of Detroit to continue to levy the City Utility Users Tax, if its 2000 Federal decennial census count falls below 1,000,000. Currently, the City of Detroit collects between \$50 million and \$55 million in the City Utility Users Tax per year.

Fiscal Analyst: R. Ross

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