



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Bill 487 (as introduced 5-10-05)  
Sponsor: Senator Nancy Cassis  
Committee: Finance

Date Completed: 6-21-05

### **CONTENT**

The bill would amend the Use Tax Act to allow a person liable for the collection of the tax to claim a credit or refund for the use tax collected on a leased motor vehicle that was returned under Public Act 87 of 1986 (the so-called "lemon law").

The person could deduct the amount of the credit from the amount of tax due with a return filed with the Department of Treasury or the amount of an authorized direct payment. The credit or refund would have to be claimed on a form provided by the Department.

Proposed MCL 250.110a

### **BACKGROUND**

Public Act 87 of 1986 was enacted to give consumers a clearly defined remedy against manufacturers of defective vehicles. The Act provides that if a defect or condition of a purchased new motor vehicle that is reported to the manufacturer or new vehicle dealer continues to exist and the vehicle has been subjected to a reasonable number of repairs, the manufacturer must either replace the vehicle with a comparable vehicle currently in production and acceptable to the consumer, or refund the full amount of the purchase price paid by the consumer (less certain deductions).

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bill would reduce use tax collections by less than \$0.2 million annually. This loss in revenue would have an impact on the General Fund (67%) and School Aid Fund (33%). The bill would not have any direct impact on local government.

Fiscal Analyst: Jay Wortley

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