

Legislative Analysis



SALES TAX ON DIRECT BROADCAST SATELLITE SERVICES

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House Bill 4581

Sponsor: Rep. Paul Condino

Committee: Tax Policy

Complete to 4-18-07

A SUMMARY OF HOUSE BILL 4581 AS INTRODUCED 4-5-07

The bill would amend the General Sales Tax Act (MCL 205.51 and 52) to impose the sales tax at six percent on the sale of direct broadcast satellite service if the sale is made to the consumer or user for consumption and use rather than for resale.

The bill would define "direct broadcast satellite service" as: *the distribution or broadcasting of video programming or services by satellite directly to the consumer's receiving equipment without the use of ground receiving or distribution equipment, except the consumer's receiving equipment or equipment used in the uplink process to the satellite.*

The term includes all rental and service charges, premium channels or other special services, installation and repair service charges, and any other charges having any connection with the provision of the satellite broadcasting service.

The bill also would make a complementary amendment to the definition of "sale at retail" or "retail sale" used in the act. Currently, the terms apply to a sale, lease, or rental of tangible personal property for any purpose other than for resale, sublease, or subrent. The bill would say that the terms refer to tangible personal property or services for any purpose other than for resale, sublease, or subrent. (The underlined words would be added by the bill.)

FISCAL IMPACT:

This bill would increase sales tax revenue by an estimated \$8.3 million (assuming a July 1st start date) in FY 2006-07 and an estimated \$33.0 million in FY 2007-08. The breakdown of the estimated fiscal by fund is as follows.

FY 2006-07: School Aid Fund \$6.1 million, General Fund/General Purpose \$1.4 million, and constitutional revenue sharing \$0.8 million.

FY 2007-08: School Aid Fund \$24.2 million, General Fund/General Purpose \$5.5 million, and constitutional revenue sharing \$3.3 million.

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