

# Legislative Analysis

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## **USE TAX EXEMPTION: PROPERTY AFFIXED TO AND MADE STRUCTURAL PART OF REAL ESTATE IN ANOTHER STATE**

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### **House Bill 5937**

**Sponsor: Rep. Peter MacGregor**

**Committee: Tax Policy**

**Complete to 11-26-12**

### **A SUMMARY OF HOUSE BILL 5937 AS INTRODUCED 9-20-12**

The bill would amend the Use Tax Act to provide an exemption from the use tax for property purchased or manufactured by a person engaged in the business of constructing, altering, repairing, or improving real estate for others, to the extent that the property is affixed to and made a structural part of real estate in another state.

The exemption would apply regardless of whether sales or use tax was due and paid in the state where the property was affixed to real estate.

Generally speaking, the Use Tax Act exempts sales of tangible personal property used in "industrial processing." The bill would amend the definition of "industrial processor" to include certain property affixed to and made a structural part of real estate in another state, and would amend the definition of "industrial processor" in the same way.

The bill would be retroactive and effective January 1, 2006.

MCL 205.93a, 94, and 94o

### **FISCAL IMPACT:**

The bill apparently applies to a small subset of businesses, and would therefore reduce use tax revenue by an unknown, but potentially small amount.

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