



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 157 (as introduced 2-24-15)  
Sponsor: Senator Curtis Hertel, Jr.  
Committee: Finance

Date Completed: 10-13-15

**CONTENT**

**The bill would amend the General Sales Tax Act to exclude from taxation the sales price of a core charge attributable to a recycling fee, deposit, or disposal fee for an automobile or recreational vehicle part or battery.**

The Act imposes a tax of 6% on the sales price of nonexempt personal property and services. The bill would exempt from taxation the core charge attributed to a recycling fee, deposit, or disposal fee for the items listed above.

MCL 205.51

Legislative Analyst: Drew Krogulecki

**FISCAL IMPACT**

The bill would reduce General Fund, Comprehensive Transportation Fund, and School Aid Fund revenue, as well as local unit revenue, by an unknown amount. More than 73% of the impact of any reduction would lower School Aid Fund revenue, while local unit revenue would be reduced as a result of lowered constitutional revenue sharing payments.

The dollar value of core charges affected by the bill is unknown, as is the dollar value of the total transaction. Nationally, retail sales at vehicle parts stores totaled \$86.2 billion in 2014. If, for example, Michigan sales represent 3.2% of that total and 10% of the total consists of core charges that would be affected under the bill, the bill would reduce sales tax revenue by approximately \$16.5 million per year, thus reducing School Aid Fund revenue by \$12.1 million, General Fund revenue by \$2.0 million, Comprehensive Transportation Fund revenue by \$0.8 million, and local unit revenue by \$1.7 million. Similarly, if 5% of the total consists of core charges that would be affected by the bill, sales tax revenue would decline by \$8.3 million per year (\$6.1 million School Aid Fund, \$1.0 million General Fund, \$0.4 million Comprehensive Transaction Fund, and \$0.8 million local unit revenue).

Fiscal Analyst: David Zin

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