

Legislative Analysis



CLARIFY AGRICULTURAL EXEMPTIONS IN SALES AND USE TAX ACTS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4561 as introduced
Sponsor: Rep. Dan Lauwers

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4562 as introduced
Sponsor: Rep. Curtis S. VanderWall

House Bill 4563 as introduced
Sponsor: Rep. Daire Rendon

House Bill 4564 as introduced
Sponsor: Rep. Tom Barrett

Committee: Agriculture
Complete to 5-9-17

SUMMARY:

House Bill 4561 would amend the General Sales Tax Act and **House Bill 4564** would amend the Use Tax Act. Enacting Section 1 of each bill says the aim of the bills is to clarify the original intent of the legislature that the exemption in Section 4a(1)(e) of the General Sales Tax Act in regard to the tilling, planting, draining, caring for, or harvesting of things of the soil is only applicable when these activities are performed in a business enterprise that constitutes an agricultural purpose. The bills would re-write and re-organize the exemption provisions.

House Bill 4563 would make a complementary amendment to Public Act 105 of 1855, which addresses how surplus funds in the state treasury can be invested. In sections of the act addressing agricultural loan programs, the bill makes reference to new subdivisions created by amendments to the General Sales Tax Act in HB 4561.

Agricultural Disaster Loan Origination Program Extension

House Bill 4562 would make complementary amendments to the Agricultural Disaster Loan Origination Program Act of 2012 to make reference to new subdivisions created by amendments to the General Sales Tax Act in HB 4561. It also would extend the life of the act, which is due to be repealed effective February 15, 2018. The repealer would be struck from the act. Under the program, loans had to be made before March 31, 2013. That language also would be struck. Other related deadlines would be deleted.

This act established a low-interest loan program within the Department of Treasury to provide financial assistance to growers, producers, processors, and some retail establishments to help alleviate the financial impacts caused by crop damage directly attributable to a natural disaster. The intent was to aid fruit growers and producers who had lost significant amounts of their crop due to fluctuations in the spring temperature in 2012.

FISCAL IMPACT:

House Bills 4561, 4563, and 4564

To the extent that the bills would prohibit a current set of recipients of the exemption from receiving the exemption after the effective date of the bill, the provisions of the bill would have a positive fiscal impact on state revenues. The magnitude of the impact is unknown, but likely small.

House Bill 4562

The bill would have no fiscal impact on state or local government. The Agricultural Disaster Loan Origination Program would be authorized to continue with the elimination of the repealer and repayment dates and other related deadlines under the bill. However, funding does not currently exist for the program. Operation of the program in the future would require the appropriation of funds by the legislature.

Legislative Analyst: Chris Couch
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.