



Senate Fiscal Agency
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Senate Bill 97 (as discharged)
Sponsor: Senator Joseph Bellino, Jr.
Committee: Finance, Insurance, and Consumer Protection (discharged)

CONTENT

The bill would amend the Use Tax Act to exempt from taxation the sale of tangible property or property, as applicable, used for production, manufacturing, or recycling of aggregate by the property if the aggregate would be used as an ingredient or component part for construction, maintenance, repair, or reconstruction of real property in Michigan.

The bill is tie-barred to Senate Bill 98, which would exempt the property described above from the sales tax.

PREVIOUS LEGISLATION

(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

Senate Bills 97 and 98 are companion bills of House Bills 4055 and 4054, respectively. The House Bills passed the House and were referred to the Committee of the Whole in the Senate.

MCL 205.94o

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill is tie-barred to Senate Bill 98. Based on estimates from the Michigan Department of Treasury, the combined impact of both bills would reduce State and local unit revenue by approximately \$1.0 million per year. The revenue loss during the first year of the bills could be greater because of the bills' provisions requiring that outstanding assessments be canceled.

Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to local revenue sharing, and the remainder is deposited into the General Fund. Of the State's share of use tax revenue (after the local use tax enacted as personal property tax reform), revenue at a rate of 2% is constitutionally directed to the School Aid Fund, while the General Fund receives any remaining State use tax revenue. The bills' impact on each fund (and local unit revenue) would depend on the relative impact of the exemption between the sales tax and the use tax.

Date Completed: 4-19-23

Fiscal Analyst: David Zin