

# Legislative Analysis



## ELECTRONIC TRADE-IN CREDIT EXEMPTION

**House Bill 4375 as reported from committee**  
**Sponsor: Rep. Steve Frisbie**

**House Bill 4376 as reported from committee**  
**Sponsor: Rep. Will Snyder**

**Committee: Finance**  
**Complete to 9-10-25**

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

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

### SUMMARY:

House Bills 4375 and 4376 would amend the General Sales Tax Act and the Use Tax Act, respectively, to allow a credit received for trading in certain electronics to be excluded from the sales or purchase price that is subject to tax under each act.

Specifically, the bills would allow a credit for the agreed-upon value of a *portable electronic device* used as part payment of the price of a new or used portable electronic device purchased from a seller engaged in the business of selling portable electronic devices at retail, if the credit's value is stated separately on the invoice, bill of sale, or similar document provided to the purchaser, to be excluded from the price subject to tax.

*Portable electronic device* would mean an electronic device that is portable and would include accessories related to that device.

The bills are tie-barred and cannot take effect unless both are enacted.

HB 4375: MCL 205.92  
HB 4376: MCL 205.51

### BRIEF DISCUSSION:

Supporters of the bills argued that they would mirror how automobile trade-ins are handled for sales tax purposes and would help Michigan residents afford electronics that are important to everyday life.<sup>1</sup> They also argued the bills would benefit the environment by ensuring that old electronics are recycled instead of being thrown away.

Opponents raised concerns about the potential impact of the bills on School Aid Fund revenue.

### FISCAL IMPACT:

The bills would reduce sales and use tax revenue by between \$7.0 and \$9.0 million according to an industry estimate of annual mobile device trade-in value scaled to Michigan. While it is assumed that they are substantially similar, to the extent that the definition of portable electronic device in the bills differs from the mobile devices included in the estimate, the revenue impact would change.

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<sup>1</sup> [https://www.michigan.gov/-/media/Project/Websites/sos/33lawens/PA\\_159\\_160\\_FAQ\\_Trade\\_in\\_Credit.pdf](https://www.michigan.gov/-/media/Project/Websites/sos/33lawens/PA_159_160_FAQ_Trade_in_Credit.pdf)

Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to revenue sharing, and the remainder is allocated to the general fund. With respect to use tax revenue, after accounting for the Local Community Stabilization Authority share for personal property tax reimbursements, approximately 57% is deposited in the general fund and approximately 43% is deposited in the School Aid Fund.

## **POSITIONS:**

A representative of Asurion testified in support of the bills. (5-13-25)

The following entities indicated support for the bills:

- AT&T (9-9-25)
- T-Mobile (5-13-25)

The following entities indicated opposition to the bills:

- Department of Treasury (9-9-25)
- Michigan Association of School Boards (5-13-25)
- Michigan Association of Superintendents and Administrators (5-13-25)
- Michigan Association of Secondary School Principals (9-9-25)
- Michigan Association of Intermediate School Administrators (9-9-25)
- Michigan Education Association (9-9-25)

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■ 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.