

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

Senate Bill 252 (as reported without amendment)

Sponsor: Senator Doug Carl

Committee: Finance

Date Completed: 5-21-87

RECEIVED

JUN 05 1987

Mich. State Law Library

RATIONALE

The General Sales Tax Act requires the payment of sales taxes by persons in a retail sales business. The tax is determined by calculating 4% of a business' gross proceeds, adding to that penalties and interest if applicable, and subtracting deductions. A 1984 amendment (Public Act 228) to the Act rewrote Section 2 to state, in part, that in calculating the sales tax taxpayers are to subtract "deductions allowed by this section". There are currently no deductions mentioned in Section 2; however, there are several deductions mentioned in other sections of the Act. While this language has not changed the way in which the State has applied the sales tax to taxpayers, it has been suggested that Section 2 be amended so that the language prescribing the calculation of the sales tax correctly refers to all deductions allowed in the Act.

CONTENT

The bill would amend Section 2 of the General Sales Tax Act, which states that there shall be a 4% tax levied on all persons engaged in the business of retail sales, plus penalty and interest when applicable, minus "deductions allowed by this section". The bill would change this phrase to say, "deductions allowed by this Act".

MCL 205.52

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS**Supporting Argument**

When Section 2 of the Act was amended in 1984, the language prescribing the calculation of the sales tax was written so that deductions from the tax, as allowed by the Act, were referred to as deductions allowed by the section (which does not contain any deductions). The bill would make it clear that the deductions allowed in the calculation are all the deductions allowed by the Act.

Legislative Analyst: G. Towne

Fiscal Analyst: L. Burghardt

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

S.B. 252 (5-21-87)