

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

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Senate Bill 996

Sponsor: Senator Norman D. Shinkle

Committee: Finance

Date Completed: 9-28-88

SUMMARY OF SENATE BILL 996 as introduced 9-22-88:

The bill would amend the Use Tax Act to provide that after January 1, 1989, the price of personal property to be affixed to real estate, that would be subject to the use tax would be equal to 25% of the total purchase price or amount of consideration paid to a construction contractor, minus any amount for personal property upon which the contractor paid the sales tax. For a construction contract entered into before January 1, 1989, the price subject to use tax would be the inventory cost of the personal property.

Currently, under the Act, taxpayers are liable to pay a use tax equal to 4% of the price of a property or a service. The price subject to use tax, for a construction contractor who is also a manufacturer, fabricator, or assembler of personal property for affixation to real estate, is equal to the purchase price or amount of consideration that any other person would have to pay if the person acquired the personal property from the manufacturer, fabricator, or assembler for affixation to real estate.

MCL 205.92

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have an indeterminate fiscal impact. There are insufficient data at this time to estimate the fiscal impact for State revenues from the 25% tax rate.

Fiscal Analyst: N. Khouri

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