



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 5567 (Substitute H-6 as passed by the House)
Sponsor: Representative James Ryan
House Committee: Tax Policy

CONTENT

The bill would amend the General Sales Tax Act to revise the application of the sales tax to food sold from a mobile facility or a vending machine.

Currently, food or drink intended for immediate consumption sold from a vending machine or by a vendor from a mobile facility is taxed; however, milk, juices, fresh fruit, candy, nuts, chewing gum, bakery products, cookies, crackers, and chips are not taxed. The bill would eliminate this provision and provide instead that the tax would apply to carbonated beverages sold from a mobile facility or vending machine, or food or drink heated or cooled mechanically, electrically, or by other artificial means to an average temperature above 75 degrees Fahrenheit or below 65 degrees Fahrenheit before sale and sold from a mobile facility or vending machine; however, milk, noncarbonated beverages containing 10% or more juice content, and fresh fruit would be exempt from the tax.

The bill further provides that the tax due on the sale of food or drink from a vending machine selling both taxable items and exempt items would have to be calculated based on one of the following as determined by the taxpayer: actual gross proceeds from sales at retail; or 45% of proceeds from the sale of items subject to the tax or exempt from the tax, other than from the sale of carbonated beverages.

The bill would take effect January 1, 1997.

MCL 205.54g

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would reduce sales tax collections by less than \$500,000. Given the current distribution of sales tax revenue, this loss in revenue would impact the following budget areas: School Aid Fund (73%), revenue sharing (24%), and the General Fund (3%).

Date Completed: 12-9-96

Fiscal Analyst: J. Wortley

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