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Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA****BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

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Senate Bill 717 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Senator Bill Bullard, Jr.

Committee: Finance

### **CONTENT**

The bill would amend the General Sales Tax Act to specify that the provision governing the application of the sales tax to food sold from a mobile facility or vending machine, would apply after December 31, 1991. The bill also states that a refund could not be made for any taxes paid after that date and before January 16, 1997, for food or drink otherwise exempt under this provision. In addition, the bill specifies that the current method for calculating the tax due from vending machines selling both taxable and tax-exempt items, would apply after December 31, 1991.

Under the Act, the sales tax applies 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 having 10% or more juice content, and fresh fruit are exempt from the tax. (This provision was added by Public Act 576 of 1996 and took effect on January 16, 1997. Previously, the sales tax had applied to food or drink intended for immediate consumption sold from a vending machine or by a vendor from a mobile facility, although milk, juices, fresh fruit, candy, nuts, chewing gum, bakery products, cookies, crackers, and chips were not taxed.)

MCL 205.54g

Legislative Analyst: S. Lowe

### **FISCAL IMPACT**

This bill would prevent the State from collecting the sales tax owed by a few mobile vendor and vending machine businesses from 1992 through January 16, 1997, that have been discovered through audits. It is estimated that this bill would eliminate unpaid sales tax liabilities for about six businesses by a total of approximately \$700,000. This elimination of these unpaid tax liabilities would reduce School Aid Fund revenue by about \$500,000 from what it otherwise would be.

Date Completed: 10-7-97

Fiscal Analyst: J. Wortley