
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1158 (Substitute S-1 as reported)

Sponsor: Senator Glenn D. Steil

Committee: Finance

CONTENT

The bill would amend the General Sales Tax Act to provide that, beginning January 1, 1999, a taxpayer subject to the accelerated payment provisions (as proposed in House Bill 4942 (S-1)) could deduct from the tax paid .5% of the tax due at the rate of 4%.

Currently, under the Act, a taxpayer subject to the accelerated tax payment provisions, who remits the tax by the 11th day of the month due, may deduct .75% of the tax due at a rate of 4% but not to exceed \$20,000 of the tax due. The taxpayer may deduct .5% of the tax due at a rate of 4% but not to exceed \$15,000 of the tax due, if the tax is remitted by the 18th day of the month. The bill provides that these provisions would apply until January 1, 1999.

(House Bill 4942 (S-1) would amend the General Sales Tax Act to reduce the amount that a taxpayer, who is subject to the Act's accelerated payment provisions, must prepay, and alter the dates when payments are due.)

MCL 205.54

Legislative Analyst: G. Towne

FISCAL IMPACT

Based on information from the Department of Treasury, Senate Bill 1158 (S-1), and House Bills 4942 (S-1) and 5313 (S-1), would result in a net loss of \$1.7 million in sales and use tax revenue annually. This net fiscal impact has two components: 1) Reducing the large retailers' collection allowance, or discount, from 0.75% to 0.5% of collections at a 4% tax rate and eliminating the current cap on the dollar amount of this collection allowance, would increase sales and use tax collections by an estimated \$1.0 million annually; and 2) changing the payment schedule for these large taxpayers from the current accelerated payment requirements to two payments a month based on actual collections, would reduce the State's cash flow position and increase the need for additional short-term borrowing, which would generate an increase in short-term borrowing costs of an estimated \$2.7 million.

Date Completed: 6-1-98

Fiscal Analyst: J. Wortley