

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5313 (Substitute S-1 as reported)
Sponsor: Representative Kirk A. Profit
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Use Tax Act to reduce the amount that a taxpayer, who is subject to the Act's accelerated payment provisions, must prepay; alter the dates when payments are due; and remove the cap on the collection allowance.

Currently, a taxpayer who had a use tax liability (after subtracting certain payments and credits) of \$720,000 or more in the preceding calendar year must remit, by the 18th of each month, an amount equal to 95% of the taxpayer's liability for the same month in the immediately preceding calendar year; or 95% of the actual liability for the current month being reported, plus a reconciliation payment equal to the difference between the tax liability determined for the immediately preceding month and the amount of tax previously paid for that month.

The bill provides that, beginning January 1, 1999, a taxpayer who had a use tax liability (after subtracting certain payments and credits) of \$720,000 or more in the preceding calendar year would have to remit, by the 15th day of the month, an amount equal to 50% of the taxpayer's liability for the same month in the immediately preceding calendar year, or 50% of the actual liability for the month being reported, whichever was less. The taxpayer also would have to make a reconciliation payment equal to the difference between the tax liability determined for the immediately preceding month and the amount of tax previously paid for that month. Further, the taxpayer would have to remit by the last day of the month, the lesser of an amount equal to 50% of the taxpayer's liability for the same month in the immediately preceding calendar year, or 50% of the actual liability for the month being reported.

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. Under the bill, beginning January 1, 1999, a taxpayer subject to the accelerated tax payment provisions could deduct from the tax paid .5% of the tax due at the rate of 4%.

MCL 205.56

Legislative Analyst: G. Towne

FISCAL IMPACT

Please see **FISCAL IMPACT** on House Bill 4942 (S-1).

Date Completed: 6-1-98

Fiscal Analyst: J. Wortley