

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bills 544 and 545 (as introduced 4-27-99)
Sponsor: Senator Mike Rogers
Committee: Finance

Date Completed: 5-4-99

CONTENT

Senate Bill 544 would amend the General Sales Tax Act to exempt from the tax sales of "rolling stock" purchased by an interstate motor carrier and used in interstate commerce. Under the bill, "rolling stock" would be a qualified truck (a commercial motor vehicle power unit, with dimensions as specified in the Act), a trailer designed to be drawn behind a qualified truck, and parts affixed to either the truck or the trailer.

Senate Bill 545 would amend the Use Tax Act to extend indefinitely an exemption from the tax for the use, storage, or consumption of rolling stock used in interstate commerce and purchased, rented, or leased outside the State by an interstate motor carrier. Under the current Act, this exemption expired May 1, 1999.

The bills would apply to taxes levied after April 30, 1999.

Currently, under both Acts, the tax does not apply to the product of the out-of-state usage percentage and the gross proceeds otherwise taxable under the Act from the sale of a qualified truck or a trailer designed to be drawn behind a qualified truck, purchased after December 31, 1996, and before May 1, 1999, by an interstate motor carrier and used in interstate commerce.

MCL 205.54g (S.B. 544)
205.94k (S.B. 545)

Legislative Analyst: G. Towne

FISCAL IMPACT

These bills would: 1) eliminate the May 1, 1999, sunset of the current exemption on interstate motor vehicles, and 2) expand the current exemption. Continuing the current exemption would cost an estimated \$9 million in FY 1998-99 and \$24 million in FY 1999-2000. The Senate Fiscal Agency has not yet completed its analysis of the fiscal impact of expanding the current exemption, but the Department of Treasury estimates that expanding the current exemption as proposed in these bills would reduce sales and use tax revenue an additional \$4.2 million in FY 1998-99 and \$10.7 million in FY 1999-2000.

Fiscal Analyst: J. Wortley

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