

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 669 (as introduced 6-17-99)
Sponsor: Senator George A. McManus, Jr.
Committee: Transportation and Tourism

Date Completed: 4-4-00

CONTENT

The bill would amend the Michigan Vehicle Code to provide that, at the time a motor vehicle was rented in the State, a motor vehicle rental company, as part of the rental contract, would have to collect a transaction fee if the rental were for 31 days or less. The transaction fee would have to be computed before the assessment of any applicable sales or use tax and could not be considered part of the gross receipts for purposes of the General Sales Tax Act or the Use Tax Act.

The motor vehicle rental company would have to compute the amount of the transaction fee by dividing the title fees and the registration or ad valorem taxes actually paid by the rental company to the State for the preceding calendar year, by the estimated number of rental days in the current calendar year to calculate the daily transaction fee to be imposed. The motor vehicle rental company could adjust the amount of the transaction fee to ensure that only an amount equal to the title fees and the registration or ad valorem taxes actually paid for the preceding calendar year was collected.

For purposes of the bill, a motor vehicle would be rented in the State only if physical possession of the vehicle were delivered to the renter in this State.

("Gross receipts" would mean the total amount of consideration paid to a motor vehicle rental company solely for the rental of a motor vehicle in the State. Gross receipts would include any charges related to the rental, including those for ancillary optional services such as fuel or damage waiver and insurance services, but excluding fees or taxes due the State or a county or municipality in conjunction with these charges. "Motor vehicle" would mean a private passenger motor vehicle designed to transport up to 15 passengers, truck, or semitrailer that was rented or offered for rental without a driver and that was part of a fleet of at least five motor vehicles used primarily for rental purposes, but excluding trucks used to transport commercial freight or agricultural products. "Title fees and the registration or ad valorem taxes" would mean the fees and taxes imposed on a motor vehicle for the privilege of operating a motor vehicle under the Code.)

Proposed MCL 257.831

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: E. Limbs

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.