



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 1001 (Substitute S-1 as reported)
Sponsor: Senator Bill Hardiman
Committee: Finance

CONTENT

The bill would amend the Use Tax Act to provide that the use tax would not apply to storage, use, or consumption of an "eligible automobile" provided to a "qualified recipient" by the Family Independence Agency or by a "qualified organization", beginning January 1, 2005.

The bill is tie-barred to House Bill 5653, which would allow a qualified organization to exclude the sale of an eligible automobile to a qualified recipient from the gross proceeds used to determine its sales tax liability.

The terms "eligible automobile", "qualified organization", and "qualified recipient" would have the same definitions as proposed in House Bill 5653 (S-1). (Please see the Floor Analysis of that bill for the definitions.)

Proposed MCL 205.94y

Legislative Analyst: J.P. Finet

FISCAL IMPACT

This bill would reduce use tax revenue an estimated \$0.2 million in FY 2004-05 and \$0.3 million on a full-year basis beginning in FY 2005-06. This loss in use tax revenue, on a full-year basis, would reduce General Fund/General Purpose revenue by \$0.2 million and School Aid Fund revenue by \$0.1 million. This bill would not have any direct impact on local governments.

Date Completed: 5-24-04

Fiscal Analyst: Jay Wortley