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House Bill 4219 (Substitute S-1 as reported by the Committee of the Whole)  
Sponsor: Representative Gary Woronchak  
House Committee: Tax Policy  
Senate Committee: Finance

### **CONTENT**

The bill would amend the Use Tax Act to establish a presumption that tangible personal property purchased outside the State and used solely for personal, nonbusiness purposes would be exempt from the tax if either of the following applied: 1) the property was purchased by a person who was a nonresident at the time of purchase and was brought into the State more than 90 days after that date; or 2) the property was purchased by a person who was a resident at the time of purchase and was brought into the State more than 360 days after that date.

Currently, the price tax base (the amount upon which the tax is applied) of an aircraft subject to the tax cannot be less than its retail value at the time of acquisition. The bill provides that the price tax base of an aircraft that otherwise would qualify for the presumption of exemption in the bill if it were other tangible personal property, would be its retail value at the time it became taxable in the State.

The Act provides that, for the purpose of the proper administration of the Act and to prevent evasion of the tax, it is presumed that tangible personal property purchased is subject to the tax if brought into the State within 90 days of the purchase date and is considered as acquired for storage, use, or consumption in the State. The bill would retain this presumption.

MCL 205.93

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The bill would reduce use tax revenue by about \$3 million annually. Due to the fact that two-thirds of use tax revenue is earmarked to General Fund/General Purpose revenue and one-third is earmarked to the School Aid Fund, this bill would reduce General Fund/General Purpose revenue by \$2 million and School Aid Fund revenue by \$1 million.

Date Completed: 6-3-03

Fiscal Analyst: Jay Wortley