



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5653 (Substitute S-1 as reported)
Sponsor: Representative Mike Nofs
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the General Sales Tax Act to allow a "qualified organization" subject to the tax to exclude the sale of an "eligible automobile" to a "qualified recipient" from the gross proceeds used to determine its tax liability, beginning January 1, 2005.

"Eligible automobile" would mean an automobile that: had been inspected by a mechanic certified under the Motor Vehicle Service and Repair Act; was insured as required under State law; and was registered to a qualified recipient. "Qualified organization" would mean an organization that was certified by the Department of Treasury as meeting all of the following requirements: was exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; was licensed under the Charitable Organizations and Solicitations Act; and administered a program to provide a qualified recipient with an eligible automobile for transportation to his or her place of employment for employment-related activities.

"Qualified recipient" would mean a person certified by a qualified organization as having met all of the following qualifications: He or she was eligible for public assistance under the Social Welfare Act; possessed a valid Michigan operator's or chauffeur's license; was financially capable of meeting any expenditure associated with the vehicle; was unable to use reasonably available public transportation to commute to his or her place of employment; had a demonstrated ability to maintain employment; needed a vehicle to commute to his or her employment; required an automobile to continue his or her employment or to accept a verified offer of employment in a position demonstrably superior to his or her current position, if the individual were working at least an average of 20 hours per week; and, needed the vehicle to accept a verified offer of employment of at least an average of 20 hours per week and could not begin employment in that position without an automobile, if the individual were not currently employed or were employed for less than an average of 20 hours per week.

MCL 205.54bb

Legislative Analyst: J.P. Finet

FISCAL IMPACT

This bill would reduce sales tax revenue an estimated \$0.15 million in FY 2004-05 and \$0.2 million on a full-year basis beginning in FY 2005-06. This loss in revenue would primarily affect the School Aid Fund and revenue sharing.

Date Completed: 5-24-04

Fiscal Analyst: Jay Wortley

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