

Legislative Analysis



ENERGY EFFICIENT APPLIANCES: SALES AND USE TAX EXEMPTIONS

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House Bills 5402 and 5403

Sponsor: Rep. John Proos

Committee: Energy and Technology

Complete to 12-5-05

A SUMMARY OF HOUSE BILLS 5402 AND 5403 AS INTRODUCED 11-3-05

The bills would provide an exemption from the state's sales and use taxes for energy-efficient home appliances. The exemptions would apply to a clothes washer, dehumidifier, refrigerator, dishwasher, freezer, room air conditioner, air cleaner, or water cooler that meets or exceeds the applicable energy star energy efficiency guidelines developed by the federal Environmental Protection Agency and Department of Energy.

The State Treasurer would be required annually to reimburse the State School Aid Fund for lost revenue out of the General Fund.

House Bill 5402 would amend the Use Tax Act (MCL 205.94z). House Bill 5403 would amend the General Sales Tax Act (MCL 205.54cc).

FISCAL IMPACT:

These bills would reduce sales/use tax revenue by an estimated \$20 million to \$25 million on a full year basis. Since the bills contain a hold harmless provision for the School Aid Fund, the revenue reduction would primarily affect General Fund/General Purpose revenue (\$18 million to \$22 million). In addition, constitutional revenue sharing would be reduced between \$2 million to \$3 million.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.