Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6076 (Substitute H-1 as discharged)
House Bill 6077 (Substitute H-1 as discharged)
Sponsor: Representative Rich Brown
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

House Bills 6076 (H-1) and 6077 (H-1) would amend the General Sales Tax Act and the Use Tax Act, respectively, to expand existing tax exemptions for a county long-term medical care facility, by including an addition to the facility.

The Acts exempt from taxation property purchased by a person engaged in the business of constructing or improving real estate of others, to the extent the property is affixed to and made a structural part of a nonprofit hospital or a nonprofit housing entity meeting certain criteria. The Act's definitions of "nonprofit hospital" include a county long-term medical care facility built after December 31, 1995.

The bills would amend the definitions to include any addition to an existing county long-term medical care facility, if the addition were owned and operated by either the county or the facility, regardless of whether the addition was licensed as a nursing home or a skilled nursing facility or whether the addition met the requirements described above.

The bills also specify that for purposes of a county long-term medical care facility built after December 31, 1995, "affixed to and made a structural part of" would mean any physical connection to an existing facility.

MCL 205.54w (H.B. 6076)
205.94s (H.B. 6077)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

These bills would reduce sales and use tax revenue by an unknown amount. At a minimum, the bills would generate a one-time loss of sales and use tax revenue of about $200,000 due to one particular county project, but there could be other projects that also would qualify, both retroactively and prospectively, but are not known at this time. Any loss in revenue would primarily affect the School Aid Fund (SAF), General Fund (GF), and revenue sharing, as 73% of sales tax revenue and 33% of use tax revenue go to the SAF, 67% of the use tax and about 8% of the sales tax go to the GF, and about 16% of the sales tax goes to revenue sharing, which would have an impact on local units of government.

Date Completed: 12-15-06

Fiscal Analyst: Jay Wortley