

Legislative Analysis



INDUSTRIAL PROCESSING EXEMPTION: SAWMILLS

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House Bill 4404

Sponsor: Rep. Steven Lindberg

Committee: Tax Policy

Complete to 1-19-10

A SUMMARY OF HOUSE BILL 4404 AS INTRODUCED 2-24-09

Generally speaking, the General Sales Tax Act exempts sales of tangible personal property that is to be used in "industrial processing." The act contains a list of activities that constitute industrial processing. House Bill 4404 would add to that list, the operation of a sawmill.

The act also contains lists of the kind of personal property that is eligible for an industrial processing sales tax exemption and that which is not eligible for the exemption. For example, machinery used in industrial processing is exempt. House Bill 4404 would also specifically make the following property eligible for the exemption: (1) timber received or stored in relation to a sawmill operation; and (2) vehicles used to transfer timber from a forest, woodlot, or cutting site to a sawmill operation.

MCL 205.54t

FISCAL IMPACT:

As written, it is estimated that the bill would reduce sales tax revenue by less than \$2.0 million. The majority of the impact would fall on the School Aid Fund and Constitutional revenue sharing.

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Fiscal Analyst: Jim Stansell

■ 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.