

Legislative Analysis



USE TAX ON TELECOMMUNICATIONS

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House Bill 5419

Sponsor: Rep. Mark Meadows

Committee: Tax Policy

Complete to 3-9-10

A SUMMARY OF HOUSE BILL 5419 AS INTRODUCED 9-17-09

The use or consumption of certain intrastate and interstate telecommunications services are taxed under the Use Tax Act in the same manner as tangible personal property. Some services are excluded from taxation. House Bill 5419 would amend the Use Tax Act to impose the use tax on *intrastate* fixed wireless service and 800 service, which are currently excluded. It also would impose the use tax on *interstate or international* private communications service, fixed wireless service, and 800 service. These are all currently excluded. Currently, international telecommunications service is excluded generally, but would be taxed under the bill.

MCL 205.93a

FISCAL IMPACT:

As written, the bill would increase use tax revenue by an estimated \$15 to \$20 million. One-third of use tax revenue is constitutionally dedicated to the School Aid Fund; the remainder accrues to the General Fund.

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