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House Bill 4404 (Substitute H-2 as passed by the House)
Sponsor: Representative Steven Lindberg
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 4-14-10

CONTENT

The bill would amend the General Sales Tax Act to extend the industrial processing exemption to front end loaders used at sawmill sites to unload logs and load lumber.

Under the Act, the sale of tangible personal property is exempt from the sales tax if the property is sold to an industrial processor for use or consumption in industrial processing, or if any of the following apply:

- The property is intended for ultimate use, and is used, in industrial processing by an industrial processor.
- The property is used by the buyer to perform an industrial processing activity for or on behalf of an industrial processor.
- The property is a computer used in operating industrial processing equipment, or is other computer-related property specified in the Act.

The Act describes property that is eligible for the exemption, including machinery, equipment, or materials used within a plant site or between plant sites operated by the same person for movement of tangible personal property in the process of production.

Under the bill, this property would include front end loaders and similar equipment used to unload logs from trucks at a sawmill site for the purpose of processing at the site and to load lumber onto trucks at a sawmill site for purposes of transportation from the site.

MCL 205.54t

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Based on available information, the bill would lead to a reduction of approximately \$2.0 million in sales tax. This reduction would primarily affect the School Aid Fund.

Given the reduction of sales tax revenue, there could be a reduction in revenue sharing payments to local government.

Fiscal Analyst: Eric Scorsone

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.