



**Senate Fiscal Agency**  
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Senate Bill 622 (as reported without amendment)  
Sponsor: Senator Darwin L. Booher  
Committee: Finance

### **CONTENT**

The bill would the enacting section of Public Act 474 of 2012, which provides a use tax exemption for certain property affixed to property in another state, to make the Act retroactive to January 1, 2005, rather than January 1, 2006.

Public Act 474 amended the Use Tax Act to provide an exemption for property purchased or manufactured by a person engaged in the business of constructing, altering, repairing, or improving real estate for others, to the extent that the property is affixed to and made a structural part of real estate located in another state, regardless of whether sales or use tax was due and paid in the state where the property is affixed to real estate.

In addition, Public Act 474 amended provisions of the Use Tax Act concerning the industrial processing exemption, to indicate that exempt property includes property that is affixed to and made a structural part of real estate. With respect to property that is not eligible for the industrial processing exemption, the Use Tax Act had previously referred to tangible personal property permanently affixed and becoming a structural part of real estate. Under Public Act 474, that applies to such property in this state.

Public Act 474 also amended the definitions of "industrial processing" and "industrial processor" to include activity involving property that is affixed to and made a structural part of real estate located in another state.

The enacting section of Public Act 474 made the amendments retroactive and effective January 1, 2006. The bill would change that date to January 1, 2005.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would reduce State use tax revenue during FY 2013-14 by an estimated \$1.0 million. Two-thirds of the revenue loss would lower General Fund revenue, while the remaining one-third would lower School Aid Fund revenue.

The bill would have no impact on local unit revenue or expenditure.

Date Completed: 10-31-13

Fiscal Analyst: David Zin