



**Senate Fiscal Agency**  
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BILL



ANALYSIS

**Telephone: (517) 373-5383**  
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Senate Bill 364 (Substitute S-1 as reported)  
Senate Bill 365 (Substitute S-2 as reported)  
Sponsor: Senator Tonya Schuitmaker  
Committee: Finance

### **CONTENT**

Senate Bill 364 (S-1) would amend the General Sales Tax Act to exempt the sale of firearm safety devices from the sales tax.

Senate Bill 365 (S-2) would amend the Use Tax Act to provide that the use tax would not apply to the storage, use, or consumption of firearm safety devices.

The bills would define "firearm safety devices" as safes, lock boxes, trigger and barrel locks, and other items designed to enhance home firearm safety.

Both exemptions would be repealed effective January 1, 2018.

The bills would take effect 90 days after being enacted.

Proposed MCL 205.54ee (S.B. 364)  
Proposed MCL 205.94cc (S.B. 365)

Legislative Analyst: Ryan M. Bergan

### **FISCAL IMPACT**

The bills would reduce State and local unit revenue by an unknown amount depending upon how broadly the definition of "firearm safety devices" would be interpreted and the relative impact of the exemption between the sales and use taxes. According to the Department of Treasury, a broad interpretation of the definition could reduce sales and use tax revenue by approximately \$1.0 million per year, through December 31, 2017. Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to local revenue sharing, and the remainder is deposited into the General Fund. Of the State's share of use tax revenue (after the local use tax enacted as personal property tax reform), revenue at a rate of 2% is constitutionally directed to the School Aid Fund, while the General Fund receives any remaining State use tax revenue.

Date Completed: 7-1-15

Fiscal Analyst: David Zin