

Legislative Analysis



EXEMPT DENTAL PROSTHESES FROM SALES AND USE TAX

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5164 as introduced
Sponsor: Rep. Bronna Kahle

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5173 as introduced
Sponsor: Rep. Julie Alexander

Senate Bill 566 proposed substitute (H-1)
Senate Bill 567 proposed substitute (H-1)
Sponsor: Sen. Dale Zorn

House Committee: Tax Policy
Senate Committee: Finance
Complete to 10-24-17

SUMMARY:

Taken together, the four bills would amend the General Sales Tax Act and the Use Tax Act to make dental prostheses exempt from sales and use taxes.

Senate Bill 567 would place a definition of “dental prosthesis” into the General Sales Tax Act; Senate Bill 566 would do the same in the Use Tax Act. The bills define the term as: “a bridge, crown, denture, or other similar artificial device used to repair or replace intraoral defects such as missing teeth, missing parts of teeth, and missing soft or hard structures of the jaw or palate.”

House Bill 5173 would amend the General Sales Tax Act to place “the sale of a dental prosthesis” in a list of sales that are exempt from taxation under the act; House Bill 5164 would make an identical change in the Use Tax Act.

SB 566 is tie-barred to HB 5164, and SB 567 is tie-barred to HB 5173, meaning neither senate bill would take effect unless its respective house bill were enacted.

All four bills would be retroactive and effective beginning July 1, 2017.

MCL 205.51a and 205.54a (General Sales Tax Act)
MCL 205.92b and 205.94 (Use Tax Act)

FISCAL IMPACT:

Utilizing data from the 2012 Economic Census for Michigan and adjusting for potential growth, the bills can be expected to reduce sales and use tax revenue by slightly less than \$10 million per year on a full fiscal year basis. Although the actual split between sales and

use taxes cannot be determined in advance, it is likely that most of the reduction would be sales tax revenue, of which about 73% is dedicated to the school aid fund and an additional 10% is earmarked for constitutional revenue sharing to cities, villages, and townships.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.