



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4350 (Substitute H-1 as reported without amendment)
House Bill 4351 (Substitute H-1 as reported without amendment)
Sponsor: Representative Bronna Kahle
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

House Bills 4350 (H-1) and 4351 (H-1) would amend the Use Tax Act and the General Sales Tax Act, respectively, to exempt from taxation the sale of parts and materials, except shop equipment or fuel, affixed or to be affixed to an aircraft. The bills would delete current language exempting the sale of parts and materials affixed to an aircraft that is owned or used by a domestic air carrier or affixed to an aircraft that leaves the State and is not based or registered in Michigan.

House Bill 4350 (H-1) also would add a use tax exemption for the use of an aircraft by a domestic air carrier if the aircraft met certain criteria (as provided for the sale of an aircraft to a domestic air carrier under the General Sales Tax Act).

MCL 205.94k (H.B. 4350)
205.54x (H.B. 4351)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would reduce sales and use tax revenue by approximately \$4.0 million per year, based on estimates from the Michigan Department of Treasury. How the impact would be split between sales tax revenue and use tax revenue is unknown. Approximately 73.3% of sales tax revenue is directed to the School Aid Fund, while constitutional revenue sharing to local units receives 10%, and the remainder is directed to the General Fund. Use tax revenue is split with one-third directed to the School Aid Fund, and two-thirds directed to the General Fund.

Date Completed: 10-4-17

Fiscal Analyst: David Zin