Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 153 (Substitute S-2 as reported)
House Bill 5267 (Substitute H-2 as reported without amendment)
Sponsor: Senator Winnie Brinks (S.B. 153)
Representative Bryan Posthumus (H.B. 5267)
House Committee: Tax Policy (S.B. 153)
Senate Committee: Finance (S.B. 153 & H.B. 5267)

CONTENT

Senate Bill 153 (S-2) and House Bill 5267 (H-2) would amend the Use Tax Act and General Sales Tax Act, respectively, to exempt from taxation under those Acts the sale of feminine hygiene products. "Feminine hygiene products" would mean tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine hygiene in connection with the human menstrual cycle.

The Acts generally exempt from taxation certain transactions with respect to sales of data center equipment; however, both require an amount equal to the revenue lost to the State School Aid Fund as a result of those exemptions to be deposited into the School Aid Fund. Under the bill, this also would apply to the exemptions proposed under the bills.

Each bill would take effect 90 days after its enactment.

MCL 205.94 & 206.111 (S.B. 153)
205.54a & 205.75 (H.B. 5267)

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bills would reduce revenue to the State General Fund and constitutional revenue sharing by approximately $6.3 million per year. Most of any potential impact from exempting the sale of feminine hygiene products likely would fall under a sales tax exemption, such as the one provided in House Bill 5267 (H-2). While sales and use tax exemptions normally would reduce both General Fund and School Aid Fund revenue, the bills would require the General Fund to reimburse the School Aid Fund for any revenue loss. House Bill 5267 (H-2) would not require the General Fund to reimburse any reduction in constitutional revenue sharing to local units.

House Bill 5267 (H-2) is not tie-barred to any bill, nor is Senate Bill 153 (S-2). If both bills were enacted, General Fund would be reduced by approximately $5.7 million per year, while constitutional revenue sharing to local units would be reduced by approximately $600,000.

Date Completed: 10-21-21

Fiscal Analyst: David Zin