
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 477 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Valde Garcia
Committee: Finance

CONTENT

The bill would amend the Use Tax Act to allow a taxpayer to separate taxable and nontaxable telecommunications and other services in the application of the use tax.

Under the bill, if charges for intrastate or interstate telecommunications and other services not subject to the use tax were aggregated with, and not separately stated from, charges for telecommunications services that were subject to the tax, then the nontaxable telecommunications and other nontaxable services would be taxable unless the service provider could reasonably identify, from its books and records kept in the regular course of business, charges for services not subject to the tax.

Further, if charges for nontaxable intrastate or interstate telecommunications and other services were aggregated with and not separately stated from taxable telecommunications services, a customer could not rely upon the nontaxability of those telecommunications and other services unless the customer's service provider separately stated the nontaxable and taxable services, or the service provider elected (after receiving a written request from the customer) to provide verifiable data, based upon the provider's books and records kept in the regular course of business, that reasonably identified the nontaxable services.

MCL 205.93a

Legislative Analyst: G. Towne

FISCAL IMPACT

State Government. It does not appear that the bill would have any fiscal impact at this time; however, the bill would help avert potential problems in determining accurate tax liabilities in the not-too-distant future as telecommunication companies move toward offering multiple products for one set charge.

Local Government. The bill would have no impact on local governments.

Date Completed: 11-28-01

Fiscal Analyst: J. Wortley