

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

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 477 (as introduced 5-16-01)
Sponsor: Senator Valde Garcia
Committee: Finance

Date Completed: 5-22-01

CONTENT

The bill would amend the Use Tax Act to require the Department of Treasury to determine the price of certain telecommunications services that currently are taxable under the Act, when those services were combined with other nontaxable services.

The taxable services to which the bill would apply are the following:

- Intrastate telephone, telegraph, and leased wire, and other similar communications, including local telephone exchange and long distance telephone service that both originates and terminates in Michigan, and telegraph, private line, and teletypewriter service between places in Michigan, excluding telephone service by coin-operated installations, switchboards, concentrator-identifiers, interoffice circuitry and their accessories for telephone answering service, and directory advertising proceeds.
- Interstate telephone communications that either originate or terminate in Michigan, and for which the charge for the service is billed to a Michigan service address or phone number by the provider either within or outside the State, including calls between Michigan and any place within or without the United States outside the State. (This provision does not apply to a wide area telecommunication service or a similar type service, an 800 prefix service or similar type service an interstate private network and related usage charges, or an international call either inbound or outbound.)

In regard to intrastate communications, the bill would refer to "services purchased in a transaction or portion of a transaction for intrastate...communications".

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.

Fiscal Analyst: J. Wortley

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