




Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 880 (Substitute S-1 as reported)
Senate Bill 881 (Substitute S-1 as reported)
Sponsor: Senator Michelle A. McManus
Committee: Finance

CONTENT

Senate Bill 880 (S-1) would amend the Use Tax Act, and Senate Bill 881 (S-1) would amend the General Sales Tax Act, to exempt from the tax property sold to an extractive operator, or the sale of tangible personal property to an extractive operator, for transporting timber from the point of extraction to a place of temporary storage at the extraction site and loading or transporting timber from a place of temporary storage at the extraction site to a vehicle or other equipment located at the extraction site that would remove the timber from the extraction site.

Currently, the Use Tax Act exempts tangible personal property sold to, and the General Sales Tax Act exempts the sale of tangible personal property to, an extractive operator for use or consumption in extractive operations. The bills would amend the Acts' definition of "extractive operations" to include the activities described above.

MCL 205.94p (S.B. 880)
205.94u (S.B. 881)

Legislative Analyst: Craig Laurie

FISCAL IMPACT

Not much data or information is available on these bills, but it appears that they would reduce sales and use tax revenue by less than \$1.0 million annually. This loss in revenue would primarily reduce the General Fund and the School Aid Fund. Local governments also would be potentially negatively affected as a loss in sales tax revenue would reduce revenue sharing payments, but any decline would be very small.

Date Completed: 6-16-08

Fiscal Analyst: Jay Wortley