



Senate Fiscal Agency
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Senate Bill 735 (as reported without amendment)
Sponsor: Senator Jim Marleau
Committee: Finance

CONTENT

The bill would amend the Use Tax Act to extend until December 31, 2015, an exemption for tangible personal property that is acquired by a person in the business of altering, repairing, or improving real estate for others, to be affixed to or made a structural part of a qualified convention facility under the Regional Convention Facility Authority Act. The exemption currently applies to such property acquired before January 1, 2014.

The bill also would define "qualified convention facility" as that term is defined in the Regional Conventional Facility Authority Act. (That Act defines the term as a publicly owned convention facility with not less than 600,000 square feet of usable exhibition area that is located in a qualified city, which means a city with a population of more than 700,000 according to the most recent decennial census that contains a qualified convention facility. The convention facility in question is the Cobo Center in Detroit.)

MCL 205.94z

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would extend a use tax exemption for materials purchased for the renovation of Cobo Center. When enacted (by Public Act 555 of 2008), the exemption was expected to reduce State revenue to the General Fund by approximately \$9.0 million, primarily in FY 2009-10; however, due to delays, completion of the construction project is not expected until 2015 and the exemption has not been fully used. Delaying the sunset on this exemption from January 1, 2014, to January 1, 2016, would reduce State revenue by the remainder of the \$9.0 million during that period. One third of use tax revenue is directed to the School Aid Fund, with the remaining revenue directed to the General Fund.

Date Completed: 1-29-14

Fiscal Analyst: Elizabeth Pratt