

Legislative Analysis



SALES AND USE TAX EXEMPTIONS FOR COUNTY LONG-TERM MEDICAL FACILITIES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bills 5824 & 5825 as introduced

Sponsor: Rep. Ben Glardon

Committee: Tax Policy

Complete to 9-20-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Current statute provides sales and use tax exemptions for tangible property when it is affixed to and made a structural part of a nonprofit hospital or certain nonprofit housing entities. The definition of "nonprofit hospital" includes county long-term medical facilities. The sales and use tax exemptions apply as well to property affixed to any addition to a county long-term medical facility. House Bills 5824 and 5825 would specify that the term "addition" includes a freestanding building as long as it is operated under the same license and continues to offer the same health services in that freestanding building.

Also, the bills would strike current language that says, "For purposes of a county long-term medical care facility [the term] '*affixed to and made a structural part of*' means any physical connection to an existing . . . facility."

The bills contain an enacting section that says, "This amendatory act is curative, shall be retroactively applied, and is intended to express the original intent of the legislature regarding the application of 2006 PA 665/666."

House Bill 5824 would amend the General Sales Tax Act (MCL 205.54w). House Bill 5825 would amend the Use Tax Act (MCL 205.94s).

FISCAL IMPACT:

Because the bills are written as curative, they would allow claims for refunds for any previously taxed activity during the past four years. Even with this provision, however, any fiscal impact is likely to be under \$2.0 million, and potentially much smaller.

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