

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 (each reported from committee as H-1)

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

Sponsor: Rep. Ben Glardon

Committee: Tax Policy

Complete to 11-28-16

(Enacted as Public Acts 372 and 373 of 2016)

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.

The bills contain an enacting section that says, "This amendatory act is retroactive and effective for taxes levied after December 31, 2012."

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 retroactive, 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.

POSITIONS:

The bills were supported by the Department of Treasury and the Michigan County Medical Care Facilities Council on 11-9-16.

The Michigan Association of Counties indicated support on 9-21-16.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.