

Legislative Analysis



CLARIFY USE TAX LIABILITY FOR CERTAIN TANGIBLE PERSONAL PROPERTY

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

Senate Bill 887 (S-4) as passed by the Senate
Sponsor: Sen. Jack Brandenburg
House Committee: Tax Policy
Senate Committee: Finance
Complete to 5-1-18

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

SUMMARY:

Senate Bill 887 would add a new section to the Use Tax Act to provide that a person engaged in the business of constructing, altering, repairing, or improving real estate for others is not liable for the use tax for storing, using, or consuming tangible personal property acquired from another person to the extent that the property was purchased by that other person, that other person is not exempt from the use tax or sales tax, and the property was acquired by the person engaged in the business of constructing, altering, repairing, or improving real estate for others for the sole purpose of affixing that property to real estate on behalf of that other person.

The bill also includes an enacting section that states that the bill is intended by the legislature to clarify that “existing law as originally intended provides that [the use tax] does not apply to tangible personal property acquired by a person engaged in the business of installing tangible personal property if that property is purchased by another for installation on behalf of that other person.”

Proposed MCL 205.94ee

FISCAL IMPACT:

The bill would have a negligible impact, if any, on use tax revenues.

Legislative Analyst: Patrick Morris
Fiscal Analyst: Ben Gielczyk

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