



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 91 and 92 (as introduced 2-1-17)
Sponsor: Senator Rebekah Warren (S.B. 91)
Senator David Knezek (S.B. 92)
Committee: Finance

Date Completed: 3-13-17

CONTENT

Senate Bills 91 and 92 would amend the General Sales Tax Act and the Use Tax Act, respectively, to exempt from taxation under those Acts the sale or purchase of feminine hygiene products. The bills would define "feminine hygiene products" as tampons, sanitary napkins, and other similar tangible personal property.

In addition, the bills would require the Legislature to annually appropriate sufficient funds from the General Fund to the School Aid Fund to fully compensate for any loss of revenue to that Fund resulting from the enactment of the bills.

(The Acts impose a tax of 6% on the purchase price or sales price of nonexempt personal property and services.)

MCL 205.54a (S.B. 91)
205.94 (S.B. 92)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would reduce revenue to the State General Fund, State School Aid Fund, and constitutional revenue sharing to local units of government by approximately \$5.0 million per year. The actual impact on each fund affected would depend on the relative impact of the exemption between sales taxes and use taxes. It is expected that most of the bills' impact would be on sales tax revenue, and if the sales tax experienced 100% of the impact, the bills would reduce General Fund revenue by approximately \$800,000 per year, School Aid Fund revenue by approximately \$3.7 million per year, and constitutional revenue sharing to local units of government by approximately \$500,000 per year. To the extent that revenue was reduced under the use tax, two-thirds of any reduction would lower General Fund revenue and one-third would lower School Aid Fund revenue.

The bills' enacting sections would require the Legislature to appropriate money from the General Fund to the School Aid Fund in order to compensate the School Aid Fund for any revenue loss. While legislation cannot compel future appropriations, if such appropriations were made, the net impact would be to lower General Fund revenue by approximately \$4.5 million per year and constitutional revenue sharing to local units of government by approximately \$500,000 per year.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.