



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1149 and 1150 (as reported without amendment)

Sponsor: Senator Peter MacGregor (S.B. 1149)

Senator Aric Nesbitt (S.B. 1150)

Committee: Economic and Small Business Development

CONTENT

Senate Bill 1149 would amend the General Sales Tax Act to exempt from the tax under the Act the sale of a fully automated consumer goods handling system or system parts to a wholesaler for fulfillment of orders to persons engaged in the business of making sales at retail of consumer goods, beginning January 1, 2021.

Senate Bill 1150 would amend the Use Tax Act to specify that the tax under the Act would not apply to the storage, use, or consumption of a fully automated consumer good handling system or system parts by a wholesaler for fulfillment of orders to persons engaged in the business of making sales at retail of consumer goods beginning January 1, 2021.

Proposed MCL 205.54gg (S.B. 1149)

Legislative Analyst: Tyler VanHuyse

Proposed MCL 205.94gg (S.B. 1150)

FISCAL IMPACT

The bills would reduce State revenue by an unknown amount that likely would be less than \$10.0 million per year, based on assumptions using national data for annual capital expenditures on equipment by firms engaged in wholesale trade.

The revenue reduction would lower General Fund, School Aid Fund, and local unit revenue although the impact would depend on the degree to which exempt purchases under the bill reflected sales tax exemptions or use tax exemptions. The School Aid Fund receives approximately 73% of sales tax revenue, while local units receive 10% through constitutional revenue sharing provisions, and the remainder is distributed to the General Fund. The School Aid Fund receives one-third of use tax revenue, while the General Fund receives the remainder, after any transfers to the Local Community Stabilization Authority.

Date Completed: 12-3-20

Fiscal Analyst: David Zin