
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 555 (as introduced 4-29-99)
Sponsor: Senator Bev Hammerstrom
Committee: Finance

Date Completed: 5-3-99

CONTENT

The bill would amend the General Sales Tax Act to exempt from the tax sales of nonalcoholic beverages in a sealed container, sold from a vending machine or mobile facility. Currently, sales of carbonated beverages sold from a vending machine or mobile facility are taxable.

Under the Act, tax due on the sale of food or drink, from a vending machine that sells both taxable and tax-exempt items, must be calculated based on the actual gross proceeds from sales at retail; or the sum of the proceeds from carbonated beverage sales, plus 45% of the proceeds from the sale of taxable and tax-exempt items other than the sale of carbonated beverages. The bill would eliminate from the calculation the sum of proceeds from carbonated beverages. This means that, under the bill, tax due could be calculated by determining 45% of the proceeds from the sale of taxable and tax-exempt items other than the sale of carbonated beverages; or the tax could be based on actual gross proceeds.

MCL 205.54g

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would reduce sales tax revenue by an estimated \$6.5 million in FY 1999-2000. Of this amount, 73% or \$4.7 million would be lost to the School Aid Fund, 24% or \$1.6 million would be lost to revenue sharing, and the remaining \$0.2 million would be lost to the General Fund.

Fiscal Analyst: J. Wortley

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