



House Bill 4507 (Substitute H-1 as passed by the House)
Sponsor: Representative Larry DeVuyst
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 2-19-02

CONTENT

The bill would amend the Use Tax Act to prescribe the conditions under which a lessor could elect to pay the tax on the rental or lease of property; require the lessor to obtain a use tax registration in order to make that election; and provide specific requirements regarding leased aircraft.

Specifically, a lessor could elect to pay the use tax on receipts from the rental or lease of tangible personal property, instead of paying sales or use tax on the full cost of the property at the time it was acquired. For tax years beginning after December 31, 1999, a lessor that made this election would have to obtain a use tax registration before acquiring the property, if it were not an aircraft. (Under the Act, a person engaged in the business of selling tangible personal property for storage, use, or consumption must register with the Department of Treasury.)

For tax years beginning after December 31, 1999, and before January 1, 2002, in order to make a valid election, a lessor of aircraft would have to obtain a use tax registration within 90 days after the lessor first brought the aircraft into the State. For tax years beginning after December 31, 2001, to make a valid election, a lessor of aircraft would have to obtain a use tax registration by the date set for the first payment of use tax under the lease or rental agreement, or 90 days after the lessor first brought the aircraft into the State, whichever was first.

Within 30 days after a taxpayer obtained a use tax registration, the Department would have to provide the taxpayer with a written notice advising the taxpayer of the right to make an election, and the requirements to make a valid election.

MCL 205.95

Legislative Analyst: George Towne

FISCAL IMPACT

The information and data needed to estimate the fiscal impact of this bill are not yet available.

Fiscal Analyst: Jay Wortley

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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.

