



**Senate Fiscal Agency**  
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BILL ANALYSIS



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House Bill 4069 (as reported without amendment)  
Sponsor: Representative James McNutt  
House Committee: Tax Policy  
Senate Committee: Finance

### **CONTENT**

The bill would amend the Use Tax Act to expand the exemption that applies to relatives of a transferor. Currently, a transfer or purchase is not subject to the use tax if the transferee or purchaser is the spouse, mother, father, brother, sister, or child of the transferor. The bill would include a stepparent, stepchild, stepbrother, stepsister, grandparent, grandchild, legal ward, or legally appointed guardian with a certified letter of guardianship.

The bill specifies an effective date of May 1, 1995.

MCL 205.93

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

This bill would reduce use tax revenue, but insufficient data on the number of vehicle sales that occur between grandparents and their grandchildren and step relations make it difficult to estimate the magnitude of the revenue loss. The loss in revenue probably would be less than \$500,000 a year. Any loss in use tax revenue would affect both General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenues. For example, a \$500,000 loss in use tax revenue would reduce GF/GP revenue by \$333,000 and SAF revenue by \$167,000.

Date Completed: 5-11-95

Fiscal Analyst: J. Wortley