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USE TAX DISTRIBUTIONS

House Bill 5558

Sponsor: Rep. Judith Scranton

Committee: Tax Policy

Complete to 4-13-00

A SUMMARY OF HOUSE BILL 5558 AS INTRODUCED 4-11-00

The state levies a use tax of six percent. Currently, revenue from the first four percent is deposited in the state's General Fund. Revenue from the remaining two percent is deposited in the State School Aid Fund. The bill would amend the Use Tax Act (MCL 205.111) to specify that the first four percent of the tax levied directly or indirectly on the sale of motor vehicles, on the lease of motor vehicles, and on the sale of the parts and accessories of motor vehicles by new and used car businesses, used car businesses, accessory dealer businesses, and gasoline station businesses would be deposited as follows:

- a) 60 percent of the total collections would be deposited in the State School Aid Fund.
- b) At least 27.9 percent of 25 percent of the total collections would be deposited in the Comprehensive Transportation Fund.
- c) The remainder would be deposited in the state's General Fund.

[The use tax is a companion to the sales tax and is a tax on the privilege of using, storing, or consuming tangible personal property. It is typically levied on purchases made out of state of property to be used in the state (so-called remote sales), but also on certain in-state sales and services, such as lease arrangements, including automobile leases, materials used in certain repair services, the transfer of motor vehicles between private parties, and telephone services.]

Analyst: C. Couch

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