



**House  
Legislative  
Analysis  
Section**

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**TAX HOLIDAY FOR CLOTHING:  
TWO WEEKS AROUND LABOR DAY**

**House Bill 4589**

**Sponsor: Rep. Nancy Cassis**

**House Bill 4590**

**Sponsor: Rep. Sandra Caul**

**Committee: Tax Policy**

**Complete to 8-29-01**

**A SUMMARY OF HOUSE BILLS 4589 AND 4590 AS INTRODUCED 4-17-01**

House Bill 4589 would amend the General Sales Tax Act (MCL 205.54bb) to exempt clothing and footwear from the sales tax during the period of seven days before Labor Day and seven days after Labor Day. The exemption would apply to an article of clothing or footwear with a purchase price of \$150 or less to be worn on an individual. It would not apply to jewelry or to accessories, other than belts, neckwear, and head scarves. House Bill 4590 would amend the Use Tax Act (MCL 205.94t) in the same way.

Revenue for schools and local governments that would otherwise be lost due to the exemption would be "held harmless" by through transfers from the General Fund. The state treasurer would be required on December 31 of each year to estimate the amount of sales and use tax that was not collected because of the exemption and transfer from the General Fund to the State School Aid Fund the amount that would otherwise have gone to the State School Aid Fund. A similar provision would apply to sales tax revenue that would otherwise have gone to revenue sharing for local governments.

The Department of Treasury would be required to post information on the state Internet web site regarding the clothing and footwear exemptions.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.