

Legislative Analysis



USE TAX EXCLUSION FOR DONATED AUTOMOBILES

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Senate Bill 184 as passed by the Senate
Sponsor: Sen. Valde Garcia

Senate Committee: Finance
House Committee: Tax Policy

Complete to 11-29-04

A SUMMARY OF SENATE BILL 184 AS PASSED BY THE SENATE 6-30-04

The bill would amend the Use Tax Act to specify that the tax would not apply to the transfer of a motor vehicle from a regularly organized church or house of religious worship that received that vehicle as a donation to a "qualified recipient".

A "qualified recipient" would mean a person who was certified by the regularly organized church or house of religious worship as meeting the following criteria prior to October 1, 2005: (1) receives or would be eligible for public assistance under the Social Welfare Act; (2) possesses a valid Michigan operator's or chauffeur's license; (3) did not have access to reasonably available public transportation, had no other reliable means to commute to his or her place of employment and would use the vehicle for that purpose; (4) had a demonstrated ability to maintain employment; needed a vehicle to retain his or her current employment or to accept a verified offer of employment in a position demonstrably superior to his or her current position, if the individual were working at least an average of 20 hours per week; and (5) needed the vehicle to accept a verified offer of employment of at least an average of 20 hours per week and could not begin employment in that position without an automobile, if the individual were not currently employed or were employed for less than an average of 20 hours per week.

After September 30, 2005 a "qualified recipient" would have to receive of be eligible for public assistance under the Social Welfare Act or have a total household income below 200 percent of the federal poverty level, and possess a valid Michigan operator's or chauffeur's license.

FISCAL IMPACT:

The bill would reduce state use tax revenue by a small indeterminate amount.

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