



Senate Fiscal Agency  
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**BILL ANALYSIS**

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Senate Bill 143 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Senator Patricia L. Birkholz  
Committee: Finance

**CONTENT**

The bill would amend the Use Tax Act to provide that, beginning January 1, 2005, the use tax would not apply to the transfer of a motor vehicle, without consideration, to a "qualified recipient" from an organization exempt from Federal taxation under Section 501(c)(3) of the Internal Revenue Code and licensed under the Charitable Organizations and Solicitations Act. The exemption would not apply to a transfer made to a for-profit entity.

Under the bill, "qualified recipient" would mean a person who was certified by the organization as meeting the following criteria: He or she was eligible for public assistance under the Social Welfare Act; possessed a valid Michigan operator's or chauffeur's license; was unable to use reasonably available public transportation to commute to his or her place of employment; needed a vehicle to commute to his or her employment; required an automobile to continue his or her 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, 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.

Proposed MCL 205.94w

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

This bill would reduce use tax revenue an estimated \$0.4 million in FY 2004-05 and \$0.5 million in FY 2005-06, on a full-year basis. This loss in use tax revenue, on a full-year basis, would reduce General Fund/General Purpose revenue by \$0.3 million and School Aid Fund revenue by \$0.2 million. This bill would not have any direct impact on local governments.

Date Completed: 6-29-04

Fiscal Analyst: Jay Wortley