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BILL ANALYSIS

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Senate Bill 1003 (Substitute S-1 as reported)
Sponsor: Senator Tom George
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to allow a taxpayer to claim a credit against the income tax in an amount equal to 50% of the fair market value of an automobile donated by the taxpayer to a "qualified organization" that intended to provide the automobile to a "qualified recipient", for tax years beginning after December 31, 2004, and before January 1, 2010.

For a taxpayer other than a resident estate or trust, the amount allowable as a credit under the bill for a tax year would not exceed $50 or, for a husband and wife filing a joint return, $100. Should the proposed credit exceed the tax liability of the taxpayer for the tax year, the excess amount could not be refunded.

The value of a passenger vehicle would be determined by the qualified organization or by the value of the automobile in the appropriate guide published by the National Automobile Association, whichever was less.

The bill is tie-barred to House Bill 5653, which would amend the General Sales Tax Act to allow a qualified organization subject to the tax to exclude the sale of an eligible automobile to a qualified recipient, from the gross proceeds used to determine its tax liability.

"Qualified organization" and "qualified recipient" would mean those terms as defined in Section 94y of the Use Tax Act (proposed by Senate Bill 1001, which also is tie-barred to House Bill 5653). (Please see the Floor Analysis of the House bill for the definitions.)

Proposed MCL 206.269 Legislative Analyst: J.P. Finet

FISCAL IMPACT

This bill would reduce income tax revenue an estimated $0.1 million in FY 2004-05 and $0.15 million on a full-year basis beginning in FY 2005-06. This loss in revenue would affect the General Fund/General Purpose budget. This bill would not have any direct impact on local governments.

Date Completed: 5-24-04 Fiscal Analyst: Jay Wortley