



Senate Fiscal Agency
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Senate Bills 81 and 82 (as enrolled)
Sponsor: Senator Jeff Irwin (S.B. 81)
Senator Kevin Hertel (S.B. 82)
Senate Committee: Civil Rights, Judiciary, and Public Safety
House Committee: Judiciary

Date Completed: 3-23-23

CONTENT

Senate Bill 81 would amend the General Sales Tax Act to exempt the sale of a firearm safety device from the sales tax, beginning 90 days after the bill's effective date through December 24, 2024.

Senate Bill 82 would amend the Use Tax Act to provide that the use tax would not apply to the storage, use, or consumption of a firearm safety device, beginning 90 days after the bill's effective date through December 24, 2024.

"Firearm safety device" would mean, except as otherwise provided, equipment designed to prevent the unauthorized access to, or operation or discharge of, a firearm that is either of the following:

- A device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device.
- A gun safe, gun case, lockbox, or other device that is designed, in light of materials used, to prevent access to a firearm by any means other than a key, a combination, biometric data, or other similar means.

The term would not include a glass-faced cabinet or other form of storage that was primarily designed to allow for the display of firearms.

After a retail sale or transfer of a firearm, each bill would require the seller to provide a written notice to the purchaser and to post in a conspicuous manner at all points of sale on the premises where firearms were sold a notice that said the following: "The state of Michigan has exempted the sale of firearm safety devices from the sales and use tax imposed by this state through December 31, 2024."

Both bills specify that "it is the intent of the legislature to annually appropriate sufficient funds from the state general fund to the state school aid fund created in section 11 of article IX of the state constitution of 1963 to fully compensate for any loss of revenue to the state school aid fund resulting from the enactment of this amendatory act".

Both exemptions would be repealed effective December 24, 2024.

Proposed MCL 250.54II (S.B. 81)
Proposed MCL 250.94II (S.B. 82)

BRIEF RATIONALE

Michigan law prohibits a minor from possessing a firearm unless under the direct supervision of an adult. Some contend that this prohibition fails to prevent some minors from gaining access to firearms and using them without the required supervision, which sometimes leads to injuries or fatalities. Some people believe that storing firearms in locked containers or with locking devices could prevent their unsupervised use by minors, and so it has been suggested that these containers and devices be tax exempt.

PREVIOUS LEGISLATION

(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

The bills are similar to Senate Bill 364 and Senate Bill 365, respectively, of the 2015-2016 Legislative Session. The bills were reported out of Senate Committee on Finance and were passed by the Senate but received no further action.

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bills would reduce State and local unit revenue in fiscal years (FY) 2022-23, 2023-24, and 2024-25 by an unknown amount depending upon how broadly the definition of "firearm safety devices" would be interpreted and the relative impact of the exemption between the sales and use taxes. The bills would have no revenue impact after FY 2024-25. According to the Department of Treasury, a broad interpretation of the definition (although one not so broad as to allow safes and lock boxes not specifically designed for storing firearms) could reduce total sales and use tax revenue by approximately \$1.4 million per year on a full year basis. The revenue reduction in FY 2022-23 would depend on the date the bills became effective. Assuming the bills were effective April 1, 2023, the bills would reduce FY 2022-23 revenue by approximately \$700,000, FY 2023-24 revenue by \$1.4 million and FY 2024-25 revenue by approximately \$400,000.

Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to local revenue sharing, and the remainder is deposited into the General Fund. Of the State's share of use tax revenue (after the local use tax enacted as personal property tax reform), revenue at a rate of 2.0% is constitutionally directed to the School Aid Fund, while the General Fund receives any remaining State use tax revenue. The intent language for appropriations to hold the School Aid Fund harmless for the exemption would not be nonbinding and would not alter any earmarking of sales and use tax revenue (or the distribution of any losses across funds due directly to the exemption).

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.