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Senate Bill 1178 (Substitute S-1 as reported)
Senate Bill 1179 (Substitute S-1 as reported)
Senate Bill 1180 (Substitute S-1 as reported)
Sponsor: Senator Wayne Schmidt (S.B. 1178)
Senator Peter MacGregor (S.B. 1179)
Senator Curtis Hertel Jr. (S.B. 1180)
Committee: Economic and Small Business Development

CONTENT

Senate Bill 1178 (S-1) would amend the General Sales Tax Act to exempt from the tax under the Act the sale of an in-store automated consumer goods micro-fulfillment system or system parts to a retailer, beginning January 1, 2021.

Senate Bill 1179 (S-1) would amend the General Property Tax Act to exempt from the collection of taxes under the Act personal property comprising an in-store automated consumer goods micro-fulfillment system beginning in tax year 2020.

Senate Bill 1180 (S-1) would amend the Use Tax Act to specify that the tax under the Act would not apply to the storage, use, or consumption of an in-store consumer goods micro-fulfillment system or system parts by a retailer beginning January 1, 2021.

Proposed MCL 205.54hh (S.B. 1178)
Proposed MCL 211.9p (S.B. 1179)
Proposed MCL 205.94hh (S.B. 1180)

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

Senate Bills 1178 (S-1) and 1180 (S-1) would reduce sales and use tax revenue by an indeterminate amount that would depend on the number of micro-fulfillment systems eligible for the exemptions that were sold or constructed and the cost of the facilities or any system parts. The Department of Treasury estimates the bills would reduce sales and tax revenue by approximately \$400,000 in fiscal year (FY) 2020-21 and \$2.1 million in FY 2021-22, based on an assumption of two units being constructed in FY 2020-21 and 10 units being constructed in FY 2021-22, at a cost of approximately \$3.0 million to 4.0 million each.

The distribution of any revenue loss would depend on the magnitude of the losses that occurred under the sales tax compared to losses under the use tax. Cities, villages, and townships receive 10% of sales tax revenue in the form of constitutional revenue sharing payments. Approximately 73.3% of sales tax revenue is directed to the School Aid Fund, with the remaining sales tax revenue directed to the General Fund. The School Aid Fund receives one-third of use tax revenue, while any remaining use tax revenue is directed to the General Fund.

Senate Bill 1179 (S-1) would have a negative fiscal impact on the State and local governments. An additional property tax exemption would reduce local property tax revenue and State School Aid Fund revenue from the State Education Tax, and would increase the State cost of the foundation allowance, if the per pupil foundation allowance were maintained. The cost would depend on the taxable value of the personal property that received an exemption and the millage rate of the affected jurisdictions.

Date Completed: 12-8-20

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.