
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4773 (Substitute H-2 as passed by the House)
Sponsor: Representative Kirk A. Profit
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 9-30-97

CONTENT

The bill would amend the Single Business Tax (SBT) Act to exempt from the tax sales of nursery stock grown by a seller and sold to a nursery dealer licensed under the Insect Pest and Plant Disease Act. Further, the bill states that its provisions, "...are curative and intended to express the original intent of the legislature in the definition of production of agricultural goods".

Currently, the Act exempts from the tax that portion of a taxpayer's tax base that is attributable to the production of agricultural goods, if the taxpayer's primary activity is the production of agricultural goods. "Production of agricultural goods" means commercial farming including, but not limited to, cultivation of the soil; growing and harvesting of an agricultural, horticultural, or floricultural commodity; dairying; raising of livestock, bees, fish, fur-bearing animals, or poultry; or turf or tree farming. It does not include retail marketing of agricultural goods, meaning that such activity is not tax exempt. Under the bill, this exclusion would not apply to sales of nursery stock grown by a seller and sold to a licensed nursery dealer.

Under the Insect Pest and Plant Disease Act, "nursery stock" means all botanically classified hardy perennial or biennial trees, shrubs, vines, and plants, either domesticated or wild, cuttings, grafts, scions, buds, bulbs, rhizomes, or their roots, fruit pits; and other plants and plant parts for, or capable of, propagation, except field, vegetable and flower seeds, corms and tubers. A "nursery dealer" is a business that is not a grower or an original producer of nursery stock, that buys nursery stock for the purpose of reselling or reshipping independently of the control of any person or business that owns or manages a nursery.

MCL 208.35

Legislative Analyst: G. Towne

FISCAL IMPACT

Data are not currently available to provide an accurate estimate.

Fiscal Analyst: J. Wortley

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