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BILL ANALYSIS

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Senate Bill 486 (as introduced 5-10-05)  
Sponsor: Senator Nancy Cassis  
Committee: Finance

Date Completed: 6-21-05

### **CONTENT**

The bill would amend the General Sales Tax Act to provide that, if a taxpayer claimed a credit for a motor vehicle returned under Public Act 87 of 1986 (the so-called "lemon law"), the taxpayer could deduct that amount from the remittance due with the monthly return filed with the Department of Treasury or, if a replacement vehicle were provided, from the amount due to the Secretary of State for the application for registration under the Michigan Motor Vehicle Code.

Currently, the Act allows a taxpayer to claim a refund less an allowance for use made for a motor vehicle returned under Public Act 87 of 1986, as certified by the manufacturer on a form provided by the Department. Under the bill, a taxpayer would no longer be required to subtract an allowance for use of the returned vehicle from the refund amount when claiming the credit.

MCL 205.56b

### **BACKGROUND**

Public Act 87 of 1986 was enacted to give consumers a clearly defined remedy against manufacturers of defective vehicles. The Act provides that if a defect or condition of a purchased new motor vehicle that is reported to the manufacturer or new vehicle dealer continues to exist and the vehicle has been subjected to a reasonable number of repairs, the manufacturer must either replace the vehicle with a comparable vehicle currently in production and acceptable to the consumer, or refund the full amount of the purchase price paid by the consumer (less certain deductions).

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bill would not have any fiscal impact because sales tax refunds to manufacturers are already allowed under current law. In addition, the bill would have no impact on local government.

Fiscal Analyst: Jay Wortley  
Bill Bowerman

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