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House Bill 4920 (Substitute S-1)
House Bill 4921 (Substitute S-1)
Sponsor: Representative John Walsh
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 12-2-14

CONTENT

House Bills 4920 (S-1) and 4921 (S-1) would amend the General Sales Tax Act and the Use Tax Act, respectively, to restructure provisions that require certain taxpayers to make accelerated payments.

Under Section 6 of each Act, a taxpayer is subject to an accelerated payment schedule if its total tax liability in the previous year was \$720,000 or more, after subtracting sales and use taxes on motor vehicles. Until December 31, 2013, such a taxpayer was required to remit to the Department of Treasury, by the 20th day of the month, an amount equal to 50% of the taxpayer's liability under the Act for the same month in the prior year, or 50% of the actual liability for the month being reported, whichever was less, plus a reconciliation payment equal to the difference between the tax liability determined for the preceding month and the amount of tax previously paid for that month. Also, by the last day of the month, the taxpayer had to remit an amount equal to 50% of its liability under the Act for the same month in the prior year, or 50% of the actual liability for the month being reported, whichever was less. (This schedule is referred to below as the "original".)

Beginning January 1, 2014, under 2012 amendments to Section 6 of each Act, a taxpayer subject to the accelerated payment requirement must remit to the Department, by the 20th day of the month, an amount equal to 75% of the taxpayer's liability under the Act in the prior month or 75% of the taxpayer's liability for the same month in the preceding year, whichever is less, plus a reconciliation payment equal to the difference between the tax liability determined for the preceding month and the amount of tax previously paid for that month. (This is referred to below as the "revised" schedule.)

Under each Act, the original schedule is found in Section 6(2) and the revised schedule is in Section 6(3), added by the 2012 amendments. The bills would retain the schedules but combine them in subsection (2).

MCL 205.56 (H.B. 4920)
205.96 (H.B. 4921)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have a negligible effect on State revenue. The changes are largely technical in that they would correct a section number problem created when Public Acts 117 and 118 of 2012 were enacted. Those Acts inserted the current subsection (3) in Section 6 of the Use Tax Act and Section 6 the General Sales Tax Act, respectively, and renumbered the

remaining subsections. However, several sections elsewhere in the Sales Tax Act and the Use Tax Act make reference to specific subsections of Section 6. The bills would restructure the current statutes so that the other sections still refer to the appropriate subsections.

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.