

# Legislative Analysis

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## **EXEMPT DENTAL PROSTHESES FROM SALES AND USE TAX**

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4929 as introduced**  
**House Bill 4930 as introduced**  
**Sponsor: Rep. Julie Alexander**

Analysis available at  
<http://www.legislature.mi.gov>

**Senate Bill 566 as passed Senate as S-1**  
**Senate Bill 567 as passed Senate as S-1**  
**Sponsor: Sen. Dale Zorn**

**House Committee: Tax Policy**  
**Senate Committee: Finance**  
**Complete to 10-10-17**

### **SUMMARY:**

House bills 4929 and 4930, as well as Senate bills 566 and 567, amend General Sales Tax Act and the Use Tax Act to make dental prostheses exempt from sales and use taxes.

Currently under both acts, “prosthetic device[s]” are exempt from the taxes. The definition of “prosthetic device” currently excludes a dental prosthesis. The bills would remove this exclusion of a dental prosthesis, thus making such an item exempt under both acts.

HB 4929 and SB 567 are identical, except for the enacting section. HB 4929 would take effect 90 days after being enacted into law, while SB 567 would be retroactive and in effect beginning July 1, 2017.

HB 4930 and SB 566 are nearly identical: the enacting sections, respectively, are the same as above. SB 566 would also make a technical change to a medical reference.

MCL 205.51a (General Sales Tax Act)  
MCL 205.92b (Use Tax Act)

### **BRIEF BACKGROUND:**

In medicine, a prosthesis is a device designed to replace a missing part of the body, or improve functionality of a body part. A common dental prosthesis is dentures.

### **FISCAL IMPACT:**

Utilizing data from the 2012 Economic Census for Michigan and adjusting for potential growth, the bills can be expected to reduce sales and use tax revenue by slightly less than \$10 million per year on a full fiscal year basis. Although the actual split between sales and use taxes cannot be determined in advance, it is likely that most of the reduction would be

sales tax revenue, of which about 73% is dedicated to the school aid fund and an additional 10% is earmarked for constitutional revenue sharing to cities, villages, and townships.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.