



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4203 (Substitute H-2 as reported without amendment)
House Bill 4204 (Substitute H-2 as reported without amendment)
Sponsor: Representative Lynn Afendoulis (H.B. 4203)
Representative Bronna Kahle (H.B. 4204)
House Committee: Tax Policy
Ways and Means
Senate Committee: Finance

CONTENT

House Bill 4203 (H-2) and House Bill 4204 (H-2) would amend the General Sales Tax Act and the Use Tax Act, respectively, to exempt from taxation under those Acts the sale to a hospital or freestanding surgical outpatient facility of a prosthetic device for implantation into a human.

As used in the bills, "prosthetic device" would mean a replacement, corrective, or supportive device, other than contact lenses and dental prosthesis, including repair or replacement parts for that device, worn on or in the body to do one or more of the following:

- Artificially replace a missing portion of the body.
- Prevent or correct a physical deformity or malfunction of the body.
- Support a weak or deformed portion of the body.

MCL 205.51a et al. (H.B. 4203)
205.92b et al. (H.B. 4204)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The Department of Treasury estimates the bills would reduce sales and use tax revenue by approximately \$3.0 million per year, lowering both School Aid Fund and General Fund revenue as well as local unit revenue. The degree to which the revenue reduction would be split between the sales tax and the use tax is unknown. Approximately 73% of sales tax revenue is distributed to the School Aid Fund, while another 10% is distributed to local units through constitutional revenue sharing payments. The remaining 17% of any lost sales tax revenue would lower General Fund revenue. In contrast, one-third of use tax revenue is directed to the School Aid Fund, and remaining revenue lost under the use tax would lower General Fund revenue.

Date Completed: 1-30-20

Fiscal Analyst: David Zin