



Senate Fiscal Agency
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Senate Bill 153 (as introduced 2-18-21)
Senate Bill 154 (as introduced 2-18-21)
Sponsor: Senator Winnie Brinks (S.B. 153)
Senator Mallory McMorrow (S.B. 154)
Committee: Finance

Date Completed: 10-20-21

CONTENT

Senate Bill 153 and Senate Bill 154 would amend the Use Tax Act and General Sales Tax Act, respectively, to exempt from taxation under those Acts the sale of feminine hygiene products after September 30, 2021.

"Feminine hygiene products" would mean tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine hygiene in connection with the human menstrual cycle.

The Acts generally exempt from taxation certain transactions with respect to sale of data center equipment; however, both require an amount equal to the revenue lost to the State School Aid Fund as a result of those exemptions to be deposited into the School Aid Fund. Under the bill, this also would apply to the exemptions proposed under the bills.

Senate Bill 153 is tie-barred to Senate Bill 154. Senate Bill 154 is tie-barred to House Bill 4270 (which would amend the Use Tax Act to exempt from taxation under that Act the sale of feminine hygiene products).

MCL 205.94 & 206.111 (S.B. 153)
205.54a & 205.75 (S.B. 154)

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bills would reduce revenue to the State General Fund, State School Aid Fund, and constitutional revenue sharing to local units of government by approximately \$6.3 million per year. The actual impact on each fund affected would depend on the relative impact of the exemption between sales taxes and use taxes. It is expected that most of the bills' impacts would be on sales tax revenue, and if the sales tax experienced 100% of the impact, the bills would reduce General Fund revenue by approximately \$1.1 million per year, School Aid Fund revenue by approximately \$4.6 million per year, and constitutional revenue sharing to local units of government by approximately \$600,000 per year. To the extent that revenue would be reduced under the use tax, two-thirds of any reduction would lower General Fund revenue and one-third would lower School Aid Fund revenue.

The bills would make the exemption effective September 30, 2021. It is unclear how, or if, there would be any way to make the exemption retroactive or how any refunds would be processed.

Senate Bill 153 is tie-barred to Senate Bill 154, but Senate Bill 154 is tie-barred to House Bill 4270, which would provide effectively the same exemption as Senate Bill 153. House Bill 4270, as passed by the House, is not tie-barred to any bill and does not contain a provision making the exemption effective September 30, 2021.

Fiscal Analyst: David Zin

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