

# Legislative Analysis



## ELECTRONIC TRADE-IN CREDIT EXEMPTION

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

**House Bill 4375 as introduced**  
**Sponsor: Rep. Steve Frisbie**

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

**House Bill 4376 as introduced**  
**Sponsor: Rep. Will Snyder**

**Committee: Finance**  
**Complete to 5-13-25**

### SUMMARY:

House Bills 4375 and 4376 would amend the General Sales Tax Act and the Use Tax Act, respectively, to allow a credit received for trading in certain electronics to be excluded from the sales or purchase price that is subject to tax under each act.

Specifically, the bills would allow a credit for the agreed-upon value of a *portable electronic device* used as part payment of the price of a new or used portable electronic device purchased from a seller engaged in the business of selling portable electronic devices at retail, if the credit's value is stated separately on the invoice, bill of sale, or similar document provided to the purchaser, to be excluded from the price subject to tax.

*Portable electronic device* would mean an electronic device that is portable and would include accessories related to that device.

The bills are tie-barred and would not take effect unless both are enacted.

HB 4375: MCL 205.92  
HB 4376: MCL 205.51

### FISCAL IMPACT:

The bills would reduce sales and use tax revenue by between \$7.0 and \$9.0 million according to an industry estimate of annual mobile device trade-in value scaled to Michigan. While it is assumed that they are substantially similar, to the extent that the definition of portable electronic device in the bills differs from the mobile devices included in the estimate, the revenue impact would change.

Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to revenue sharing, and the remainder is allocated to the general fund. With respect to use tax revenue, after accounting for the Local Community Stabilization Authority share for personal property tax reimbursements, approximately 57% is deposited in the general fund and approximately 43% is deposited in the School Aid Fund.

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