



House
Legislative
Analysis
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SALES, USE TAX EXEMPTIONS

House Bill 4452

Sponsor: Rep. Willis Bullard, Jr.

House Bill 4453

Sponsor: Rep. Kirk A. Profit

Committee: Tax Policy

Complete to 3-20-95

A SUMMARY OF HOUSE BILLS 4452 AND 4453 AS INTRODUCED 2-22-95

The bills would 1) provide exemptions from the sales and use tax for "service implements" produced by a person providing a service whose fee is based on the service provided, rather than a tangible product of that service; and, 2) rewrite the existing exemption from the sales and use taxes for broadcasting equipment.

A "service implement" would be defined as "a tangible object that is unique, of no intrinsic value, of no literary or artistic value, and of no value to anyone other than the person who commissioned the service implement." A service implement would include (but not be limited to) an annual report or financial audit prepared by an accountant, an audiotape or videotape master for an advertisement prepared by a postproduction service, an original design or plan prepared by an architect, a legal document prepared by an attorney, a layout or artwork for an advertisement prepared by a commercial artist, a tax return prepared by an income tax service, a photograph for reproduction in an advertisement created by a photographer, or an electrocardiogram or prescription ordered by a physician.

Currently, the sale of property to a person licensed to operate a commercial radio or television station is exempt from the sales and use tax, if the property is used in the origination or integration of the various sources of program material for radio or television transmission. The exemption does not apply to vehicles or to satellite transmission equipment. Under the bills, this provision would be rewritten so that the exemption would apply to property "predominantly stored, used or consumed" in the origination, integration, or broadcast of radio or television program material. Further, the bills would apply the exemption to educational (as well as commercial) stations, and would delete the specific language regarding vehicles and satellite equipment (so that the exemption would apply to these items as well).

House Bill 4452 would amend the General Sales Tax Act (MCL 205.51 and 205.54a), and House Bill 4453 would amend the Use Tax Act (MCL 205.92 and 205.94).

House Bills 4452 and 4453 (3-20-95)