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BILL ANALYSIS

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Senate Bills 357 and 358 (as introduced 6-5-25)
Sponsor: Senator Sarah Antony (SB 357)
Senator John Bumstead (SB 358)
Committee: Appropriations

Date Completed: 11-4-25

CONTENT

Under current law, the Department of Treasury is required to calculate the School Aid Fund (SAF) revenue forgone due to various exemptions under the General Sales Tax Act, the Use Tax Act, and the General Property Tax Act. Based on those calculations, the SAF then is held harmless for the revenue lost by deposits from the portion of sales and use tax revenue that otherwise would be directed to General Fund. The bills would replace these calculations with a fixed amount equal to the approximate current value of the calculations and then increase that amount in future fiscal years by the rate of inflation as measured by the United States Consumer Price Index.

Senate Bill 357 would address selected exemptions under the General Sales Tax Act, which include exemptions provided under the following sections:

-- Section 4a(1)(u), regarding sales of feminine hygiene products.
-- Section 4ee, regarding sales of certain data center equipment.
-- Section 1(1)(d)(xv), regarding sales tax levied on certain delivery and installation charges.

Senate Bill 358 would address selected provisions under the Use Tax Act, which include exemptions provided under the following sections:

-- Sections 9m, 9n, and 9o of the General Property Tax Act, regarding State Education Tax and basic school operating mill revenue foregone due to property tax exemptions on certain personal property.
-- Section 4(1)(gg), regarding sales of feminine hygiene products.
-- Section 4cc, regarding sales of certain data center equipment.
-- Section 2(1)(f)(xv), regarding use tax levied on certain delivery and installation charges.

The bills are tie-barred.

MCL 205.75 & 205.111

FISCAL IMPACT

The bills would have a negligible, if any, fiscal impact on General Fund and SAF revenue. The fixed amounts specified in the bills are approximately equal to the current value of the transfers. Any revenue impact would relate to the degree that overall inflation might differ from the growth in the combined value of these exemptions over time. However, because limited information exists that can be used to estimate the cost of the affected exemptions and the revenue foregone from the individual exemptions could change by differing magnitudes at rates that are either greater than or less than the rate of inflation, in any individual fiscal year the inflationary adjustment could overstate or understate, by an unknown magnitude, the total of the amounts that would be estimated absent the bills.

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