



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

BILL ANALYSIS



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

Senate Bill 326 (as introduced 5-3-23)
Sponsor: Senator Sam Singh
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 5-17-23

CONTENT

The bill would amend the Use Tax Act to modify the definition of "convert" to specify that a vehicle purchased for resale by a new vehicle dealer would be considered exempt from the use tax if it were not registered in the name of the dealer before the lease or sale of the vehicle in addition to the current title requirements.

Currently, "convert" means putting a service or tangible personal property acquired for a use exempt from the use tax at the time of acquisition to a use that is not exempt from the use tax, whether the use is in whole or in part, or permanent or not permanent. A motor vehicle purchased for resale by a new vehicle dealer and not titled in the name of the dealer is not considered to be converted prior to the sale or lease by that dealer.

Under the bill, a motor vehicle purchased for resale by a new vehicle dealer and not titled *and registered* in the name of the dealer would not be considered converted.

MCL 205.92

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have no fiscal impact relative to currently forecasted revenue. The bill would provide a technical fix to address changes in the way the Secretary of State's office processes vehicle transfers. Those changes create the potential that previously untaxed transfers would become taxable. The bill would continue to exempt the affected transfers from taxation.

Fiscal Analyst: David Zin

SAS\S2324\s326sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.