TREASURY FISCAL IMPACT ANALYSIS

BILL NUMBER/SUBSTITUTE: Senate Bills 906 and 907

DATE OF ANALYSIS: March 16, 2018

TAX: Sales/Use taxes

DESCRIPTION OF BILL: Exempts the sale or lease of a school bus and parts affixed or to be affixed to a bus used exclusively in the performance of a contract to transport preprimary, primary, or secondary pupils to a public school or public school academy.

PROBLEMS/ISSUES: No problems. Assumed the exemption takes effect for FY 2019.

FISCAL IMPACT (millions):

	State Gov't Revenue Impact				Local Gov't	SAF
	Total	GF/GP	SAF	Other	Rev Impact	Spending
FY 17						
FY 18	$0.0	$0.0	$0.0	$0.0		
FY 19	($2.9)	-$1.2	-$1.5	-$0.1		
FY 20	($3.0)	-$1.3	-$1.6	-$0.2		
FY 21	($3.1)	-$1.3	-$1.7	-$0.2		

DATA USED FOR ANALYSIS: Estimate for school buses based on public school pupils, percentage privatized from Mackinac Center, and average price for a bus ($95,000). Assumed parts make up 10% of the annual amount for new buses.

OTHER COMMENTS: The estimate is based on some assumptions. First, that since it appears that privatization is more common among smaller districts, fewer students than reported by the Mackinac Center are actually served by a privatized carrier. Second, that an average bus carries 45 students since some special education services carry fewer. Finally, a bus is replaced after approximately 10 years in service. **Believe the range for this is up to $5 million.**

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