



MEMORANDUM

To: Members of the House Tax Policy Committee
From: Dan Papineau - Michigan Chamber of Commerce
Date: December 4, 2019
Subject: Please support HB 4203 and HB 4204

It is no secret that the cost of healthcare is continually rising and is becoming an increasing burden on Michigan employers who offer healthcare to their employees. This problem is exacerbated by nonsensical tax policy that inflates the cost of healthcare. HB 4203 and HB 4204 will codify long standing practices that alleviate the tax burden on certain medical equipment in an effort to control healthcare costs.

After spending almost one year working with the Department of Treasury, the Chamber feels confident that HB 4203 and HB 4204 reflect a fair compromise on the taxability of medically necessary, implanted, prosthetic devices. These bills, in conjunction with administrative guidance provided by the Department via Letter Ruling, clarify that the property in question is and always has been tax exempt. There is no question the law is in need of clarification as provided in these bills as both the Department of Treasury and the business community have applied the law in an inconsistent manner.

Furthermore, the Chamber supports leveling the playing field between for-profit surgery centers and non-profit hospitals when it comes to the taxability of medically necessary, implanted, prosthetic devices. For-profit surgery centers have become a safe, convenient, and more cost-effective venue for simple, outpatient surgeries. Non-profit hospitals do not pay taxes on medically necessary, implanted, prosthetic devices and we believe for-profit surgery centers, who arguably haven't paid taxes on such equipment in the past, should not have to start paying them now.

Please support HB 4203 and HB 4204 and codify the longstanding practice of exempting medically necessary, implanted prosthetic devices from Sales and Use Taxes.

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