

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

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Senate Bill 122

Sponsor: Senator Norman D. Shinkle

Committee: Finance

Date Completed: 3-22-89

SUMMARY OF SENATE BILL 122 as introduced 2/8/89:

The bill would amend the Single Business Tax Act to allow a taxpayer to claim a credit against the single business tax equal to 50% of the taxpayer's expenditures for providing a licensed child care or day care center, or 50% of the taxpayer's payments to another licensed child care or day care center, or both.

The credit allowed by the bill would be nonrefundable; that is, it could be used only to offset the tax liability due under the Act. If a child care or day care center provided by a taxpayer also provided care for children of nonemployees, the credit would be limited to expenditures made for the care of children of the taxpayer's employees.

Proposed MCL 208.39b

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would provide a credit equal to 50% of expenditures made by an employer for employee child care. Although an exact fiscal estimate cannot be provided, using data supplied by private agencies it appears that Senate Bill 122 would result in a reduction of General Fund/General Purpose revenues of less than \$2 million per year in the first few years. However, the bill would provide a substantial tax incentive for employers to set up employer-sponsored child care. The more firms that respond to this incentive, the larger the State revenue reduction would be in future years. Currently, over 150 Michigan organizations provide some type of child care services offering a variety of services. Most of the organizations providing direct on-site child care are nonprofit and therefore exempt from the Single Business Tax.

Fiscal Analyst: N. Khouri

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