



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

BILL ANALYSIS



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

Senate Bill 880 (Substitute S-2 as reported)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

CONTENT

The bill would amend the Single Business Tax Act to allow a film distributor to exclude from its tax base certain royalty payments, fees, and charges paid to a film producer; and prohibit a film producer, or film distributor and producer, from deducting from its tax base certain payments, fees, and charges received.

Currently, under the Act, a firm must add to its tax base royalties it paid, to the extent deducted in arriving at Federal taxable income, except those royalties specifically excluded. A firm may deduct from its tax base royalties it received, to the extent included in arriving at Federal taxable income, except those royalties specified. The Act excludes from a theater owner's tax base film rental payments made by a theater owner to a film distributor. The bill would exclude from a theater owner's tax base, in addition, film rental or royalty payments made to a film producer, or film distributor and producer; and would exclude from a film distributor's tax base royalties, fees, and charges, or other payments or consideration, paid for copyrighted motion picture films, program matter, or signals, to a film producer. A film producer that received these payments could not deduct them from its tax base.

The bill provides that it would be retroactive and effective on July 15, 1993.

MCL 208.9

Legislative Analyst: G. Towne

FISCAL IMPACT

It is estimated that this bill would result in a very minimal revenue loss to the State. A dollar estimate of the revenue loss is not possible at this time because it is not known how many film distributors and producers have nexus in Michigan.

Date Completed: 4-24-96

Fiscal Analyst: J. Wortley