



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 880 (as introduced 2-27-96)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

Date Completed: 3-26-96

CONTENT

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

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.

Fiscal Analyst: J. Wortley

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