



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

BILL ANALYSIS



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

Senate Bill 1032 (as reported without amendment)
Sponsor: Senator Joel D. Gougeon
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Single Business Tax Act to specify that for tax years beginning after December 31, 1996, a taxpayer could claim a single business tax credit equal to the costs paid in the tax year for equipment used by the taxpayer at a facility in this State to mitigate air or water pollution, including, but not limited to, air cleaning devices and air pollution control equipment that complied with the lowest achievable emission rate (LAER) or best available control technology (BACT) requirements, as those terms are defined in Federal statute.

A taxpayer could claim a credit under the bill for costs that were used by the taxpayer to calculate a credit under the Act's capital acquisition tax deduction provisions.

If the credit allowed by the bill for the tax year and any unused carryforward of the credit allowed by the bill exceeded the taxpayer's tax liability for the tax year, the excess amount could not be refunded but could be carried forward to offset tax liability in subsequent tax years for 10 years or until it was used up, whichever occurred first.

Proposed MCL 208.38e

Legislative Analyst: L. Burghardt

FISCAL IMPACT

It is estimated that \$300 million is currently spent, on an annual basis, on air and water pollution abatement equipment by businesses in Michigan. This proposed credit would allow 100% of these costs to be used to offset the businesses' SBT liability. The credit would not be refundable, but the costs of the pollution abatement equipment could be carried forward and claimed in future years if the amount of the credit exceeded the liability in any one year. This bill has an effective date of January 1, 1997, so it is estimated that this credit would reduce SBT revenue \$225 million in FY 1996-97 and about \$300 million in FY 1997-98.

Date Completed: 5-21-96

Fiscal Analyst: J. Wortley

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