



Senate Fiscal Agency
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House Bill 4678 (Substitute H-1 as reported without amendment)

Sponsor: Representative Willis Bullard, Jr.

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend the Single Business Tax (SBT) Act to specify that for tax years ending after July 6, 1994, an affiliated group (as defined in the SBT Act), a controlled group of corporations (as defined in the Internal Revenue Code), or an entity under common control (as defined in the Internal Revenue Code) would have to consolidate the gross receipts of the members of the affiliated group, corporations of the controlled group, or entities under common control that had apportioned or allocated gross receipts plus adjustments of \$100,000 or more to determine if the affiliated group, controlled group, or entity had to pay a tax or file a return. The bill provides that an individual member of an affiliated group, controlled group of corporations, or an entity under common control would not be required to file a return or pay the SBT if that member had apportioned or allocated gross receipts plus adjustments of less than \$100,000.

Currently, under the Act, a taxpayer whose apportioned or allocated gross receipts plus adjustments are less than \$250,000 for tax years beginning after 1994 does not have to file a return or pay the SBT. An affiliated group, a controlled group of corporations, or an entity under common control must consolidate the gross receipts of the affiliated group, controlled group, or entities under common control to determine if the group or entity exceeds the \$250,000 threshold and has to file a return and pay the tax.

MCL 208.73

Legislative Analyst: G. Towne

FISCAL IMPACT

Compared with current law, this bill would reduce SBT revenue; however, the amount of the reduction is not known at this time. This bill would amend a section of the SBT Act that requires an affiliated group of businesses to file a consolidated return. This section became effective on July 7, 1994, under Public Act 246 of 1994. Given that this section has not been in effect for very long, it is not yet known how many businesses must file as affiliated groups.

Date Completed: 5-24-95

Fiscal Analyst: J. Wortley