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SBT: REMOVE HEALTH BENEFIT PLANS FROM TAX BASE

House Bill 5111
Sponsor: Rep. Mark Schauer
Committee: Tax Policy

Complete to 5-4-98

A SUMMARY OF HOUSE BILL 5111 AS INTRODUCED 9-30-97

The tax base on which a firm's single business tax is computed includes compensation of employees (or labor costs). The bill would amend the Single Business Tax so that gradually payments a firm made under health and welfare and noninsured benefit plans and payments of fees for the administration of health and welfare and noninsured benefit plans would not be included in compensation (and, thus, not in the SBT tax base). The inclusion of these payments in compensation would be phased out so that 5 percent of the payments would not be included for tax years that began on or after January 1, 1998 and before January 1, 1999, and 100 percent of payments would not be included in compensation for tax years that began on or after January 1, 2017. The amount of these payments that would not be included in the tax base would increase by 5 percent per year (e.g., 25 percent for 2002 and 75 percent for 2012).

[Generally speaking, the SBT tax base includes compensation, profits, interest, and depreciation.]

MCL 208.4

House Bill 5111 (5-4-98)

Analyst: C. Couch

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