
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 208 (as reported by the Committee of the Whole)

Sponsor: Senator Dale L. Shugars

Committee: Finance

CONTENT

The bill would amend the Income Tax Act to allow a taxpayer to deduct, to the extent included in the taxpayer's Federal adjusted gross income, up to \$10,000 in gratuities in a tax year if the minimum hourly wage that could be paid to the taxpayer, under the Minimum Wage Law, were \$2.65 per hour. "Gratuities" would mean tips or voluntary monetary contributions received by an employee from a guest, patron, or customer for services rendered, and that the employee reported to the employer for purposes of the Federal Insurance Contributions Act (FICA). The deduction would apply to the 1997 tax year and thereafter.

MCL 206.30

Legislative Analyst: G. Towne

FISCAL IMPACT

The State fiscal impact, for tax year 1997, would be a reduction of income tax revenue of \$11.5 million, which would result in a \$2.7 million loss in the School Aid Fund (SAF), and a \$8.8 million loss in the General Fund.

Date Completed: 4-15-97

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.