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SFA**BILL ANALYSIS**

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Senate Bill 123 (as introduced 1-27-99)
Sponsor: Senator Glenn D. Steil
Committee: Finance

Date Completed: 5-3-99

CONTENT

The bill would amend the Single Business Tax (SBT) Act to remove from the calculation of SBT liability, payments under health and welfare and noninsured benefit plans, and payments of fees for the administration of such plans. The bill would apply to tax years beginning after December 31, 1998.

Currently, under the Act, a taxpayer must include in its tax base as compensation all payments made on behalf of or for the benefit of employees, officers, and directors; the Act specifies the types of payments that must be included as compensation. Currently, payments under health and welfare and noninsured benefit plans, and payments of fees for the administration of the plans, must be included as compensation in a taxpayer's tax base.

MCL 208.4

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill, which has an effective date of January 1, 1999, would reduce single business tax revenue by an estimated \$90 million in FY 1998-99 and \$120 million in FY 1999-2000. This loss in revenue would affect the General Purpose portion of the General Fund.

Fiscal Analyst: J. Wortley

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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.