

SBT PHASEOUT: NEW TRIGGERS

Senate Bill 117 as passed by the Senate
Sponsor: Sen. Glenn D. Steil

Senate Committee: Finance (Discharged)
House Committee: Commerce

Complete to 5-31-02

A SUMMARY OF SENATE BILL 117 AS PASSED BY THE SENATE 5-30-02

The state's single business tax is being phased out, with the rate to be reduced by one-tenth of one percent on January 1st of each year. The phaseout began with the SBT rate at 2.3 percent and the reductions began in 1999 with the rate lowered to 2.2 percent. The SBT rate as of January 1, 2002 is 1.9 percent, and rate is scheduled to be 1.8 percent for 2003. However, for the rate to be reduced in any year, the ending balance in the countercyclical budget and economic stabilization fund (the BSF or "rainy day fund") for the prior fiscal year must be greater than \$250 million. Senate Bill 117 would amend the Single Business Tax Act so that only an amount greater than \$1 would need to be in the BSF for the rate reduction to take place.

Moreover, the bill would specify that if the ending balance in the BSF exceeded \$1.2 billion in any fiscal year or if deposits in excess of \$250 million were made into the fund in a fiscal year, the SBT rate would be reduced for the next calendar year by an additional one-tenth of one percent.

MCL 208.31

Analyst: C. Couch

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