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ACCELERATE SBT RATE REDUCTIONS

House Bill 4135

Sponsor: Rep. Nancy Cassis

House Bill 4136

Sponsor: Rep. Jim Howell

House Bill 4137

Sponsor: Rep. Jason Allen

House Bill 4138

Sponsor: Rep. Bruce Patterson

House Bill 4139

Sponsor: Rep. Clark Bisbee

Committee: Tax Policy

Complete to 2-7-01

House Bills 4135-4139 (2-7-01)

A SUMMARY OF HOUSE BILLS 4135-4139 AS INTRODUCED 2-6-01

Public Act 115 of 1999 amended the Single Business Tax Act to phase out the SBT by reducing the rate by one-tenth of one percent each year, beginning January 1, 1999. (The rate as of January 1, 2001 is 2 percent.) However, the rate reduction each year is contingent upon there being an ending balance of more than \$250 million in the "rainy day" fund at the end of the prior state fiscal year. If the balance falls below that amount, the rate reduction does not take effect in the next year.

The bills would accelerate the SBT phase-out by reducing the rate by two-tenths of one percent on January 1 of each year (subject to the current "rainy day" fund conditions). House Bill 4135 would apply to the first and second years that the conditions were met following December 31, 2001. House Bill 4136 would apply to the third and fourth years. House Bill 4137 would apply to the fifth and sixth years. House Bill 4138 would apply to the seventh and eighth years. House Bill 4139 would apply to the ninth and tenth years. On the tenth January 1 the rate would be reduced to zero.

MCL 208.31 et al.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.