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AMEND MICHIGAN ECONOMIC GROWTH AUTHORITY ACT

House Bill 6077

Sponsor: Rep. Gary Woronchak

Committee: Energy and Technology

Complete to 5-14-02

A SUMMARY OF HOUSE BILL 6077 AS INTRODUCED 5-9-02

House Bill 6077 would amend the Michigan Economic Growth Authority Act to eliminate certain requirements for written agreements in which the Michigan Economic Growth Authority (MEGA) grants Single Business Tax credits to eligible businesses. Under the act, MEGA may grant SBT credits for up to 20 years to eligible businesses locating or expanding operations in the state based on the number of new jobs that they create and agree to maintain. An eligible business must meet several requirements before it may enter into such an agreement. Specifically the act would do the following:

Requirements for entering into agreement with MEGA. Currently the act specifies that an eligible business that is already located within the state must agree to maintain a number of full-time jobs equal to or greater than the number of full-time jobs it maintained in the state prior to its expansion. The bill would change this requirement so that an eligible business that was already located within the state could agree to maintain a number of full-time jobs equal to or greater than *either* the number of full-time jobs it maintained in the state *or, at MEGA's discretion, the number of full-time jobs it maintained at the facility*, prior to its expansion. The bill would also eliminate the requirement that a "qualified high-technology business" agree that not less than 25 percent of its total operating expenses will be maintained for research and development for the first three years of its written agreement with MEGA.

In a related change, the act would amend the definition of "qualified high-technology business" so that any business whose primary business activity was high-technology activity would count as a qualified high-technology business. Currently the act also requires that at least 25 percent of the business's total operating expenses be used for research and development in the tax year in which the business files an application under the act; the bill would eliminate this requirement.

Written agreement. The act requires that the written agreement between an eligible business and MEGA include specific information, documents, and statements. Currently the act states that if MEGA determines that it is necessary to provide infrastructure assistance for the location or expansion of an eligible business within an international tradeport development zone, the agreement must include a statement that if the authorized business locates or expands within that zone, all or a portion of the tax credit that the business receives each year must be assigned to the international tradeport development authority for infrastructure improvements within the zone. The bill would eliminate this provision.

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Transfer MEGA to Michigan Strategic Fund. The bill would amend the act to reflect the transfer of MEGA from the Michigan Jobs Commission to the Michigan Strategic Fund, as accomplished by Executive Order 1999-1. (The order transferred MEGA “and all of its statutory authority, powers, duties, functions and responsibilities, including the functions of budgeting, procurement, personnel and management related functions” to the Michigan Strategic Fund.)

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■ 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.