

Fiscal Analysis

MICHIGAN EARLY STATE VENTURE CAPITAL ACT



Bill/Sponsor

SENATE BILL 834 As Passed the Senate, Sen. Michael D. Bishop
SENATE BILL 835 As Passed the Senate, Sen. Thomas George
SENATE BILL 836 As Passed the Senate, Sen. Nancy Cassis

House Committee

Commerce

Analysis**Summary**

Senate Bill 834 (S-5) would create the Michigan Early Stage Venture Capital Act. The bill provides for the creation of Michigan Early Stage Investment Corporations, and prescribes the duties of those corporations. It also creates the Michigan Early Stage Venture Capital Investment Fund and details the fund's termination date. It provides for tax credits and incentives, allows for appropriations, penalties and remedies.

Senate Bill 835 would amend the Single Business Tax (SBT) Act to allow a taxpayer that was also an investor to claim an SBT credit equal to the amount certified under Senate Bill 834. The credit would be available for tax year beginning in 2009 and ending before 2020.

Senate Bill 836 would amend the Income Tax Act to allow for an income tax credit equal to the amount allowed under Senate Bill 835 in the event that the SBT is repealed effective December 31, 2009 and no credit is available under a successor tax.

Fiscal Impact

The fiscal impact of Senate Bills 834, 835, and 836 to the State or local units of government is indeterminate. It is not possible to predict with any accuracy the number of corporations that would be created, the dollar amount of investment, or the economic impact. According to the provisions set forth, no more than \$30 million in credits can be awarded in any given year, and no more than \$150 million in credits can be awarded during the life of the Michigan Early Stage Venture Capital Act.

The Act requires that the fund reimburse the State for any credits against the SBT or Income Tax. However, the timing of the payments may be such that the State is not reimbursed until much later.

Analyst(s)

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