

Fiscal Analysis

EARLY STAGE VENTURE CAPITAL INVESTMENT



Bill/Sponsor	HOUSE BILL 5321 (as introduced) , Rep. Chris Ward HOUSE BILL 5320 (as introduced) , Rep. Scott Shackleton HOUSE BILL 5322 (as introduced) , Rep. Frances C. Amos
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House Committee	Commerce
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Analysis	Summary House Bill 5320 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 House Bill 5321. The credit would be available for tax year beginning in 2009 and ending before 2020.
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House Bill 5321 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.

House Bill 5322 would amend the Income Tax Act to allow for an income tax credit equal to the amount allowed under House Bill 5320 in the event that the SBT is repealed effective December 31, 2009 and no credit is available under a successor tax.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 House Bills 5320, 5321, and 5322 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.

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