

VISUAL ARTS BUILDING TAX BENEFITS

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House Bill 5810 (Substitute H-1)
House Bill 6068 as introduced
Sponsor: Rep. Jerry O. Kooiman

House Bill 5811 (Substitute H-1)
Sponsor: Rep. Bill Huizenga

House Bill 5812 (Substitute H-1)
Sponsor: Rep. Glenn Steil Jr.

Committee: Tax Policy
Complete to 7-13-04

A SUMMARY OF HOUSE BILLS 5810-5812 (H-1) AND 6068 AS INTRODUCED 7-6-04

House Bill 5810 (Sales Tax) and House Bill 6068 (Use Tax)

House Bill 5810 would amend the General Sales Tax Act (MCL 205.54bb) to exclude from taxation under the act, the sale of tangible personal property to a person engaged in the business of constructing real estate for others, if such property is to be affixed to or made a structural part of an arts building that is owned and operated by a tax-exempt nonprofit organization.

House Bill 6068 would amend the Use Tax Act (MCL 205.94y) to exclude from taxation under the act the storage, use, or consumption of tangible personal property acquired by a person engaged in the business of constructing real estate for others, if such property is to be affixed to or made a structural part of an arts building that is owned by a tax-exempt nonprofit organization.

[A similar exemption from sales and use taxes currently applies to persons engaged in construction projects for nonprofit hospitals, nonprofit housing, and worship-related portions of churches, synagogues, mosques, etc.]

House Bill 5811 (Income Tax)

The bill would amend the Income Tax Act (MCL 206.269) to provide taxpayers with a nonrefundable credit equal to one-half of the amount the taxpayer donated to a nonprofit, tax exemption organization for the construction of an arts building. The credit would be capped at \$100 for a single return and \$200 for a joint return.

House Bill 5812 (Single Business Tax)

The bill would amend the Single Business Tax Act (MCL 208.39a) to provide taxpayers with a credit equal to one-half of the amount the taxpayer donated to a nonprofit, tax exemption organization for the construction of an arts building. The credit would be capped at five percent of the taxpayer's tax liability or \$5,000, whichever is less. The credit would be nonrefundable, though it could be carried forward for up to 10 years or until the excess credit is exhausted, whichever occurs first.

For all four bills, "arts building" would generally mean a building or structure with the primary purpose of housing or displaying visual arts.

FISCAL IMPACT:

The combined initial fiscal impact of the bills is expected to be less than \$5 million. (This is based on an anticipated \$75 million project in Grand Rapids, although the bill would apply statewide.)

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Fiscal Analyst: Jim Stansell

■ 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.