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Senate Bill 852 (as enrolled)
Sponsor: Senator Bob Emerson
Senate Committee: Government Operations
House Committee: Tax Policy

PUBLIC ACT 239 of 2003

Date Completed: 1-28-04

CONTENT

The bill amended the Income Tax Act to delay the scheduled income tax rate reduction from January 1, 2004, to July 1, 2004. Under the Act, the rate in 2003 was 4% and was to be 3.9% on January 1, 2004, and thereafter.

The bill was tie-barred to Senate Bills 672 and 673, which became Public Acts 240 and 241 of 2003, respectively. Those bills amended the Single Business Tax (SBT) Act to remove from a taxpayer's SBT base, over a four-year period, a portion of the payments the taxpayer makes for health benefit plans. Senate Bill 672 excludes 5% of the taxpayer's payments for tax years beginning in 2004; 20% for tax years beginning in 2005; and 40% for tax years beginning in 2006. Senate Bill 673 increases the excluded amount to 50% for tax years that begin after 2006.

The bill took effect on December 29, 2003.

MCL 206.51e

Legislative Analyst: George Towne

FISCAL IMPACT

This bill will increase income tax revenue in FY 2003-04 by an estimated \$77 million. All of this revenue will go the General Fund/General Purpose budget. This change will have no direct impact on local governments.

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.