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Senate Bill 852 (Substitute S-3 as reported)

Sponsor: Senator Bob Emerson Committee: Government Operations

CONTENT

The bill would amend 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 presently is 4% and is to be 3.9% on January 1, 2004, and thereafter.

The bill is tie-barred to Senate Bills 672 and 673. Those bills would amend the Single Business Tax (SBT) Act to remove from a taxpayer's SBT base, over a two-year period, a portion of the payments the taxpayer makes for health benefit plans. For tax years beginning in 2004, Senate Bill 672 would exclude from compensation 20% of the payments under health and welfare and noninsured benefit plans, and 20% payments of fees for administration of the plans. Under Senate Bill 673, the excluded amount would be increased to 40% for tax years beginning in 2005.

MCL 206.51e Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 12-10-03 Fiscal Analyst: Jay Wortley