



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1396 (as reported without amendment)
Sponsor: Senator Valde Garcia
Committee: Commerce and Labor

CONTENT

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to reduce the amount of new capital investment a business that maintains at least 100 jobs at a single facility must agree to make at a facility to qualify for a single business tax (SBT) credit.

The Act allows MEGA to enter into an agreement with an eligible business for an SBT credit if the business meets one or more of the criteria specified in the Act. Under one set of criteria, the agreement must provide for the repayment of all or part of the SBT credit for a violation of the agreement. Under these criteria, an eligible business may qualify for an SBT credit if it is located in this State on the date of applying for a credit, maintains at least 100 retained jobs at a single facility, and agrees to make new capital investment at that facility equal to the greater of \$150,000 per retained job maintained at the facility or \$15.0 million to be completed by December 31, 2006. The bill would reduce the capital investment requirement to \$100,000 per retained job or \$10.0 million.

MCL 207.808

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no new fiscal impact compared with current law on State or local government. The section this bill proposes to change was originally enacted in order to provide a tax credit to Michigan Packaging in Mason, Michigan. This bill would reduce the amount of capital investment that must be completed by this company in order to be eligible for the tax credit. In addition, the bill would have no fiscal impact on the Michigan Strategic Fund.

Date Completed: 9-22-04

Fiscal Analyst: Jay Wortley