

Legislative Analysis



ASSIGNMENT OF MEGA SBT CREDITS

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Senate Bill 599 (Substitute H-1)

Sponsor: Sen. Tom George

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 11-30-05

A SUMMARY OF SENATE BILL 599 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Single Business Tax Act (MCL 208.35e) to allow qualified taxpayers to assign all or a portion of a MEGA SBT credit. The assignment would be irrevocable and, except in the case of a multiphase project, would have to be made in the tax year in which the certificate of completion was issued for the project in question. An assignee (the person receiving the assignment) could subsequently assign all or a portion of a credit to one or more assignees. An assignment could not be made more than ten years after the first tax year in which the credit could be claimed.

The credit assignment would have to be on a form prescribed by the Michigan Economic Growth Authority (MEGA). The taxpayer would have to send a copy of the completed assignment form to MEGA in the tax year in which the assignment was made. An assignee would have to attach a copy of the completed assignment form to its annual SBT return for the tax year in which the assignment was made and the year in which the assignee first claims the credit (which would have to be the same year).

The bill is tie-barred to House Bills 4733 and 4734. These bills are currently in the Senate. They would essentially create a new category of brownfield SBT tax credit with an expedited approval process separate from the existing process required for credits awarded by MEGA. The new category would cover a project for which the total credits could not exceed \$200,000 (that is, a project with a cost of \$2 million or less). In their current form, the bills would allow up to \$10 million in such credits to be awarded each year. The proposal also would reduce from three to two the number of projects that MEGA could approve annually that carry credits between \$10 million and \$30 million. For additional information, see the analysis of the House bills by the House Fiscal Agency dated 6-21-05, and also the Senate Fiscal Agency's analysis dated 11-16-05 of the versions of the House bills as referred to the Senate's Committee of the Whole.

HOUSE COMMITTEE ACTION:

As passed by the Senate, Senate Bill 599 contained the procedures and criteria to be used by the Michigan Economic Growth Authority in approving the new category of brownfield SBT credit. The substitute adopted by the House Commerce Committee addresses only the assignment of MEGA credits, making it possible, generally speaking, for a credit to be assigned to anyone rather than a restricted class of persons.

FISCAL IMPACT:

This bill would have no state or local fiscal impact.

POSITIONS:

The Michigan Economic Development Corporation (MEDC) supports the bill in concept. (11-29-05)

The Michigan Bankers Association supports the bill. (11-29-05)

The Michigan State Chamber of Commerce has indicated support for the bill. (11-29-05)

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■ 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.