



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 569 (Substitute S-1 as reported)
Senate Bill 570 (Substitute S-1 as reported)
Sponsor: Senator Jason E. Allen
Committee: Finance

CONTENT

Senate Bills 569 (S-1) and 570 (S-1) would amend the Income Tax Act and the Single Business Tax Act, respectively, to allow a qualified taxpayer to receive a tax credit for the rehabilitation of a historic resource located in an incorporated local unit of government that has no ordinance under the Local Historic Districts Act and that has been chartered under Public Act 39 of 1889. (Public Act 39 of 1889 allows the incorporation of an association to purchase property for summer homes, camp meetings, and the meetings and assemblies of various associations and societies.)

The Income Tax and Single Business Tax Acts allow a qualified taxpayer to claim a credit against either or both taxes for qualified expenditures made for the rehabilitation of a historic resource; the credit is equal to 25% of the qualified expenditures. The resource must meet one of the following criteria during the tax year in which a credit is claimed:

- The historic resource is located in a designated historic district in a local unit of government with an existing ordinance under the Local Historic Districts Act.
- The historic resource is located in an incorporated local unit of government that does not have an ordinance under the Local Historic Districts Act and has a population under 5,000.

Under the bills, the criteria would include a historic resource located in an incorporated local unit of government that did not have an ordinance under the Local Historic Districts Act and had been chartered under Public Act 39 of 1889.

The bills would be effective for tax years beginning after December 31, 2004.

MCL 206.266 (S.B. 569)
MCL 208.39c (S.B. 570)

Legislative Analyst: J.P. Finet

FISCAL IMPACT

Based on very preliminary data, it is estimated Senate Bill 569 would reduce income tax revenue by less than \$100,000 annually beginning in FY 2005-06. This loss in revenue would be distributed as follows: about 75% of this loss would affect the General Fund and about 25% would affect the School Aid Fund.

Based on very preliminary data, it is estimated Senate Bill 570 would reduce single business tax revenue by less than \$100,000 annually beginning in FY 1005-06. This loss in revenue would affect the General Fund.

Date Completed: 7-5-05

Fiscal Analyst: Jay Wortley