



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 599 (as reported without amendment)

Sponsor: Senator Tom George

Committee: Economic Development, Small Business and Regulatory Reform

**CONTENT**

The bill would amend the Single Business Tax (SBT) Act to do the following:

- Establish procedures and criteria to be used by the Michigan Economic Growth Authority (MEGA) in approving a project for which the total SBT credits would be \$200,000 or less; and allow MEGA to approve up to 100 of these projects per year.
- Revise the provisions governing the assignment of all or a portion of a MEGA tax credit.
- Delete a provision allowing MEGA to consider criteria not listed in the Act in determining whether a project is eligible for tax credits.
- Limit MEGA's on-site inspections to projects that cost more than \$10 million.

MCL 208.38g

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

The bill would reduce single business tax revenue by an estimated \$7.0 million in the first full year and \$15.0 million by the fifth year. It is assumed that the maximum of 100 credits would be granted each year and the average project would qualify for a credit of \$150,000, of which about half would be claimed in the first year. All of this loss in revenue would affect the General Purpose portion of the General Fund.

The bill would have no fiscal impact on the Michigan Economic Development Corporation within the Department of Labor and Economic Growth (which provides staff for MEGA).

Date Completed: 6-27-05

Fiscal Analyst: Jay Wortley  
Elizabeth Pratt