



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 878 (as introduced 11-9-05)
Sponsor: Senator Valde Garcia
Committee: Agriculture, Forestry and Tourism

Date Completed: 12-7-05

CONTENT

The bill would amend the Single Business Tax Act to provide farmers who used anhydrous ammonia with a tax credit equal to the cost of complying with proposed anhydrous ammonia safety and security practices (AASSPs).

Under the bill, for tax years beginning after December 31, 2005, a taxpayer who was a farmer and an end user of anhydrous ammonia could claim a credit against the single business tax equal to the amount the taxpayer paid in the tax year for the purchase and installation of a security system or security measures that complied with the AASSPs established by the Agriculture Commission to prevent the theft of anhydrous ammonia.

The bill would define "anhydrous ammonia safety and security practices" as those practices established by the Commission of Agriculture pursuant to the Anhydrous Ammonia Security Act (which Senate Bill 877 proposes to create). "End user" would mean the person actually using anhydrous ammonia for a legal purpose.

If the amount of the credit allowed under the bill exceeded the tax liability of the taxpayer for the tax year, the portion of the credit that exceeded the tax liability could not be refunded.

Proposed MCL 208.35d

Legislative Analyst: Curtis Walker

FISCAL IMPACT

Under the Single Business Tax Act, activity attributable to the production of agricultural goods (which includes the cultivation of the soil and the growing and harvesting of agricultural goods) by a person whose primary activity is the production of agricultural goods is exempt from the single business tax. Therefore, the credit proposed in this bill, which could not exceed a taxpayer's single business tax liability (as the credit would not be refundable), would have no fiscal impact.

Fiscal Analyst: Jay Wortley

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