



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5204 (Substitute H-2 as discharged)
House Bill 5205 (Substitute H-2 as discharged)
House Bill 5206 (Substitute H-4 as discharged)
House Bill 5207 (Substitute H-2 as discharged)
Sponsor: Representative Bill Huizenga (H.B. 5204)
Representative Roger Kahn (H.B. 5205)
Representative Fulton Sheen (H.B. 5206)
Representative Virgil Smith (H.B. 5207)

House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bills would amend various statutes to allow a motion picture production company that spent at least \$250,000 in this State for purposes related to the filming or production of a single motion picture, to claim a credit against the single business tax (SBT) equal to the following:

- 130% of the SBT liability attributable to business activity in this State on or after July 1, 2005, attributable to the filming or production of the motion picture.
- All sales tax paid on retail sales related to the filming or production.
- All use tax paid on the use, storage, or consumption of tangible property related to the filming or production.

For purposes of determining the credit, a motion picture company could not include business activity attributable to the filming of a motion picture that depicted obscene matter or an obscene performance.

If the credit and any unused carry-forward of the credit exceeded the tax liability of the taxpayer for the tax year, the excess would not be refunded, but could be carried forward as an offset to tax liability in subsequent years for up to 10 years.

House Bill 5204 (H-2) would amend the General Sales Tax Act. House Bill 5205 (H-2) would amend the Use Tax Act. House Bills 5206 (H-4) and 5207 (H-2) would amend the Single Business Tax Act.

The bills are tie-barred to each other and to House Bill 5209, which would amend the History, Arts, and Libraries Act to require the Michigan Film Office to adopt policies and standards for making State-owned property available to be used free of charge for film and television production in this State.

Proposed MCL 205.54cc (H.B. 5204)
Proposed MCL 205.94a (H.B. 5205)
Proposed MCL 208.35e (H.B. 5206)
Proposed MCL 208.35f (H.B. 5207)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

It is estimated that these bills would reduce single business tax revenue by less than \$0.5 million on a full-year basis. This estimate is based on information from the Michigan Film Office within the Department of History, Arts, and Libraries. The Michigan Film Office reports that over the past few years, motion picture production companies spent between \$2 million and \$20 million annually in Michigan. This loss in revenue would affect the General Fund/General Purpose budget.

Date Completed: 12-13-06

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.