



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5640 (Substitute S-1 as reported)
Sponsor: Representative Tom Casperson
House Committee: Commerce
Senate Committee: Commerce and Labor

CONTENT

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to authorize MEGA to enter into a written agreement to provide single business tax (SBT) credits with an eligible business that maintained 175 retained jobs and made new capital investment at a facility in a county with a population of at least 7,500 but not more than 8,000 (Ontonagon County).

The bill also would amend the Act's definition of "rural business" to include a business in a county with a population of 90,000 or less (rather than 80,000 or less). Under the Act, MEGA may execute up to five agreements each year for SBT credits with rural businesses. A business must be located in a county with a population of 80,000 or less to qualify as a "rural business". The bill would increase the maximum population to 90,000. (According to county population figures from the 2000 Federal decennial census, this would add Lapeer and Midland Counties.)

The bill is tie-barred to Senate Bill 922, which would amend the Michigan Renaissance Zone Act to allow the addition of parcels to two particular renaissance zones.

MCL 207.803 & 207.808

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

This bill would make the Smurfit and Stone Container Corporation, located in Ontonagon, Michigan, eligible for a single business tax credit from the Michigan Economic Growth Authority. This bill would not guarantee a tax credit for this business, but it would allow the firm to approach the Michigan Economic Development Corporation (which provides staff for MEGA) to begin discussions on receiving a tax credit. Based on the Smurfit and Stone Container Corporation's current level of business activity, payroll, single business tax liability, and property taxes, along with the fact that a tax credit would not be guaranteed under this bill, it is estimated that the potential annual reduction in single business tax revenue, for up to a maximum of 20 years, under this bill is likely to be somewhere in the range of zero to \$0.5 million.

Date Completed: 3-23-06

Fiscal Analyst: Jay Wortley