



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

House Bill 6035 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Representative Rick Baxter

House Committee: Commerce

Senate Committee: Commerce and Labor

## **CONTENT**

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to expand the definition of "full-time job"; include a "facility", in addition to a "business", in the Act's definition of "qualified high-technology business"; and include "competitive edge technology" in the Act's definition of "high-technology activity". The bill is tie-barred to Senate Bill 802, which also would amend the MEGA Act.

The Act allows MEGA to enter into agreements providing single business tax (SBT) credits for firms that create and maintain full-time jobs in the State. "Full-time job" means one performed by an individual employed for 35 hours or more each week by an authorized business or an employee leasing company or professional employer organization on behalf of an authorized business, that withholds income and Social Security taxes. Under the bill, "full-time job" also would include one performed by an individual for at least 35 hours each week and whose income and Social Security taxes were withheld by an eligible business already located in Michigan that must maintain at least the same number of full-time jobs it maintained in the State before expansion, in addition to the number of qualified new jobs otherwise specified; or by a business that sold all or part of its assets to an eligible business that received an SBT credit.

Under the Act, MEGA may enter into agreements with qualified high-technology businesses that meet certain job creation and retention and wage criteria. "Qualified high-technology business" means a business with at least 25% of its total operating expenses used for research and development or whose primary business activity is high-technology activity. Under the bill, the term would mean a business or facility that was either 1) a business meeting the research and development criterion, or 2) a business or facility whose primary business activity was high-technology activity.

"Competitive edge technology" would mean life sciences technology; advanced automotive, manufacturing, and materials technology; homeland security and defense technology; or alternative energy technology.

MCL 207.803

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill would potentially change the mix of businesses granted the fixed number of MEGA tax credits. It is not possible to make a reasonable estimate of the bill's fiscal impact because there is no way to know which businesses would gain a tax credit under the bill that otherwise would not receive a credit or which would not receive a tax credit under the bill but would under current law. It is also not possible to estimate the impact this change in the mix of businesses would have on the total dollar amount of the tax credits.

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Fiscal Analyst: Jay Wortley

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Analysis available @ <http://www.michiganlegislature.org>

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