



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 6035 (Substitute H-2 as passed by the House)
Sponsor: Representative Rick Baxter
House Committee: Commerce
Senate Committee: Commerce and Labor

Date Completed: 5-23-06

CONTENT

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to include in the Act's definition of "full-time job" a job performed by an individual for at least 35 hours each week and whose income and Social Security taxes were withheld by either of the following:

- A business that agreed to maintain in Michigan at least the number of full-time jobs it maintained in the State before an expansion for which it was awarded single business tax (SBT) credits under the Act.
- A business that sold its assets to an eligible business that received an SBT credit under the Act.

The Act authorizes MEGA to enter into agreements extending SBT credits to firms that create and maintain full-time jobs in the State. The Act defines "full-time job" as a job performed by an individual who is employed by an authorized business or an employee leasing company or professional employer organization (PEO) on behalf of the authorized business for consideration of 35 hours or more each week and for which the authorized business, employee leasing company, or PEO withholds income and Social Security taxes.

Under the bill, "full-time job" would mean a job performed by an individual for 35 hours or more each week and whose income and Social Security taxes were withheld by one or more of the following:

- An authorized business.
- An employee leasing company.
- A PEO on behalf of the authorized business.
- Another person as provided under Section 8(1)(c) of the Act (which requires an eligible business already located in Michigan to 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).
- A business that sold all or part of its assets to an eligible business that received an SBT credit under Section 8(1) or 8(5) of the Act.

(Sections 8(1) and 8(5) describe job retention and creation and wage criteria that various categories of businesses must meet to receive SBT credits. Section 8(5) also contains capital investment criteria.)

MCL 207.803

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would potentially change the mix of businesses that would be granted the fixed number of MEGA tax credits. It is not possible to make a reasonable estimate of the fiscal impact of the bill 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 businesses 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 receiving MEGA tax credits would have on the total dollar amount of the tax credits.

Fiscal Analyst: Jay Wortley

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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.