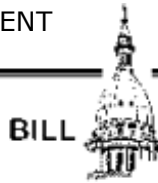




Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 6070 (as reported without amendment)

Sponsor: Representative Bill Huizenga

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would repeal and reenact Section 35e of the Single Business Tax (SBT) Act, which provides for the assignment of an brownfield tax credit, adding a provision under which the deadline for assignment would not apply if the lessee were unknown, and stating a retroactive effective date of January 1, 2006.

Section 35e was enacted by Public Act 113 of 2006, and will take effect after the sine die adjournment of the 2006 legislative session. Section 35e will allow a taxpayer to assign to another firm all or a portion of an SBT credit for a brownfield project. It applies to projects for which a certificate of completion is issued by the Michigan Economic Development Authority on or after January 1, 2006. Except for an assignment based on a multiphase project, the assignment must be made in the tax year in which a certificate of completion is issued.

Under the bill, if a qualified taxpayer wished to assign all or a portion of its credit to a lessee but the lessee were unknown in the tax year in which the certificate of completion was issued, the qualified taxpayer could delay claiming and assigning the credit until the first tax year in which the lessee was known.

The bill states, "This amendatory act is intended to be retroactive and effective January 1, 2006."

Proposed MCL 208.35e

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would alter the timing of when certain credits are claimed or assigned. The majority of the provisions regarding credit assignation are already part of current law, but will not take effect until 2007 because the legislation adopted the language was not given immediate effect. The bill would essentially move the effective date up to January 1, 2006.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 6-6-06

Fiscal Analyst: David Zin

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[Analysis available @ http://www.michiganlegislature.org](http://www.michiganlegislature.org)

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