



Senate Fiscal Agency  
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**BILL ANALYSIS**

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House Bill 6118 (Substitute S-1 as reported)  
Sponsor: Representative Tonya Schuitmaker  
House Committee: Commerce  
Senate Committee: Commerce and Labor

**CONTENT**

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to do all of the following:

- Allow MEGA to waive a requirement that an agreement for a single business tax (SBT) credit provide for new management, if the existing management and labor made a commitment to improve the viability and productivity of the facility to meet international competition better, as determined by MEGA.
- Allow MEGA to waive a tax credit agreement requirement that a business be located in a rural county, if the business were located in a county with a population of 500,000 or more and 600,000 or less (Kent County).
- Authorize MEGA to enter into a written agreement with an eligible business for SBT credits if the business were located in Michigan on the date of the application, and made new capital investment of more than \$250 million in the State at a facility located north of the 45<sup>th</sup> Parallel.
- Require a Chapter 11 bankruptcy plan to be confirmed by the bankruptcy court within three years, rather than two years, after a date of a tax credit agreement with an eligible business meeting certain criteria.
- Remove the Director of the Michigan Economic Development Corporation from MEGA, add the president of the Michigan Strategic Fund (MSF), and designate the MSF president as the MEGA chairperson.

MCL 207.804 & 207.808

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

This bill is designed to make three particular businesses eligible for MEGA tax credits. The businesses are Mercedes Benz Tech in Grand Rapids, Eaton Corporation in Jackson, and Federal Mogul. The bill would result in reduced single business tax revenue, but without the credits, the business activity would most likely not occur in Michigan. The size and duration of MEGA tax credits are negotiated between the qualifying businesses and the Michigan Economic Development Corporation. All reductions in single business tax revenue affect the General Fund/General Purpose budget.

Date Completed: 12-4-06

Fiscal Analyst: Jay Wortley