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**BILL ANALYSIS**

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House Bill 6183 (Substitute S-1 as reported)
Sponsor: Representative Glenn Steil, Jr.
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Single Business Tax Act to allow a taxpayer eligible to claim a credit for a brownfield redevelopment or historic preservation project that was preapproved or certified before December 31, 2007, and completed before 2010, to claim the credit on the taxpayer's return for its last tax year if the Act were repealed for tax years beginning after December 31, 2007.

Specifically, if a qualified taxpayer had a preapproval letter issued before January 1, 2007, for a brownfield credit for a project that was completed after the end of the taxpayer's last tax year but before January 1, 2010, the taxpayer could claim the brownfield credit amount that could be claimed for the project for 2008 and 2009. If a qualified taxpayer had a rehabilitation plan certified before 2007 for the rehabilitation of a historic resource for which a certification of completed rehabilitation had been issued after the end of the taxpayer's last tax year but before 2010, the taxpayer could claim the historic preservation credit amount for the year in which the certification was issued. The taxpayer could claim either credit against its SBT liability on the taxpayer's timely filed original or amended annual return for the taxpayer's last tax year. "Last tax year" would mean the taxpayer's tax year under the Act beginning after December 31, 2006, and before January 1, 2008.

The credit amount that the taxpayer would be allowed to claim for its last tax year could not exceed the sum of the amount that the taxpayer would have been allowed to claim for projects or rehabilitation completed in 2008 after the end of the taxpayer's last tax year plus the amount the taxpayer would have been allowed to claim for projects or rehabilitation completed in 2009. If the total amounts that the taxpayer could claim exceeded the taxpayer's tax liability for its last tax year, the excess would be refunded.

MCL 208.38g

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The brownfield and historic preservation tax credits that businesses would be able to claim in 2008 and 2009 under this bill, if the single business tax were repealed for tax years beginning after December 31, 2007, would reduce General Fund/General Purpose revenue by about \$120 million. These tax credits would be claimed directly by businesses that receive these credits or by other businesses that are assigned these credits, or portions of these credits, by businesses that are not able to claim the full amount of the credit for which they qualify. These credits would be claimed on a business's original 2007 single business tax annual return or on an amended return for 2007. Most of this loss in revenue would be realized in FY 2007-08 and FY 2008-09, but it is possible that some of these credits would not be claimed until FY 2009-10. This bill would have no direct impact on local government.

Date Completed: 6-22-06

Fiscal Analyst: Jay Wortley

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

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