

MBT CREDIT: ANCHOR COMPANY

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Senate Bill 1115 (Substitute S-1)

Sponsor: Sen. Jason E. Allen

House Committee: New Economy and Quality of Life

Senate Committee: Commerce and Tourism

Complete to 3-19-08

A SUMMARY OF SENATE BILL 1115 (S-1) AS PASSED BY THE SENATE 3-13-08

The bill would amend the Michigan Business Tax (MBT) Act to do all of the following:

- Allow a qualified taxpayer (an anchor company that had influenced a new qualified supplier or customer to open, locate, or expand in Michigan) to claim an MBT credit for payroll attributable to employees of a qualified supplier or customer who performed qualified new jobs, for up to five years, if the taxpayer received a certificate from the Michigan Economic Growth Authority (MEGA).
- Provide that MEGA could not designate more than five taxpayers as anchor companies in each calendar year and could not approve more than five new credits under the bill in each calendar year.
- Allow a taxpayer to choose a refund or carry-forward if the taxpayer's credit exceeded its liability.
- Authorize MEGA to provide that qualified sales to a qualified supplier or customer would not be sales in Michigan for purposes of calculating the sales factor under the MBT for the tax year for which a credit was provided under the bill. The bill provides a method for determining "qualified sales."
- Allow a credit to be reduced or terminated, or a previously credited amount added back to the taxpayer's liability, if a taxpayer failed to meet requirements for receiving the credit.

"Qualified taxpayer" would mean a taxpayer that had been designated by MEGA as an anchor company within the last five years and that had influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

"Anchor company" would mean a qualified high-technology business that is an integral part of a high-technology activity and that has the ability or potential ability to influence business decisions and site location of qualified suppliers and customers.

"Qualified supplier or customer" would mean a business that opens a new location in Michigan, a business that locates in Michigan, or an existing business located in Michigan that expands its business within the last year as a result of an anchor company and that has financial transactions with the anchor company; sells a critical or unique component or technology necessary for the anchor company to market a finished product or buys a critical or unique component from the anchor company; has created more than

10 qualified new jobs; and has made an investment of at least \$1 million as certified by MEGA.

The bill is tie-barred to Senate Bills 1187 through 1190, which would amend the MEGA Act and the MBT Act to revise provisions allowing MEGA to award certain MBT credits.

MCL 208.1431a

FISCAL IMPACT:

A fiscal analysis is in process. Any reduction in Michigan Business Tax revenue affects the state's General Fund.

Legislative Analyst: J. Hunault

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