

Legislative Analysis



MBT: NEWSPAPERS

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House Bill 5797

Sponsor: Rep. Pam Byrnes

Committee: Tax Policy

Complete to 6-3-08

A SUMMARY OF HOUSE BILL 5797 AS INTRODUCED 2-26-08

Under the new Michigan Business Tax, generally speaking, firms are subject to a tax of 0.8% on a firm's modified gross receipts and a tax at a rate of 4.95% on business income after allocation and apportionment. There is also a surcharge imposed on top of the standard MBT calculation of 21.99 percent for most firms and of 27.7 percent for financial institutions (falling to 23.4 percent in 2009).

House Bill 5797 would amend the Michigan Business Tax Act in the following ways:

(1) It would, in Section 111, grant a "newspaper of general circulation" the same gross receipts exemption currently granted to advertising agencies for gross receipts received and "used to acquire advertising media time, space, production, or talent on behalf of another person." These receipts would then not be counted in the gross receipts tax base.

(2) It would, in Section 281, exempt from the MBT surcharge the owner and publisher of a weekly, semi-weekly, or daily newspaper that (A) was printed on newsprint with recycled content; (B) has a circulation of less than 4,000; and (C) has the major part of its circulation within the county where it is published or within the counties contiguous to that county. Currently, exemptions from the surcharge exist for insurance companies and financial institutions that are only authorized to exercise trust powers.

The bill would be effective retroactive to January 1, 2008.

MCL 208.1111 and 208.1281

FISCAL IMPACT:

The bill would reduce General Fund/General Purpose revenue by an indeterminate amount. The bill would have no direct fiscal impact on local governments.

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