



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 910 (as reported without amendment)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

(as enrolled)

Date Completed: 11-29-07

RATIONALE

The Michigan Economic Growth Authority (MEGA) Act allows certain businesses to claim tax credits under the Single Business Tax (SBT) Act, if they have a certificate issued under the MEGA Act. The MEGA board may award those certificates to businesses that meet particular job creation, job retention, or capital investment requirements. The SBT Act will expire on December 31, 2007, and the Michigan Business Tax (MBT) Act will take effect on January 1, 2008. Although the MBT Act includes similar provisions allowing a qualified taxpayer to claim tax credits awarded by MEGA, the MEGA Act specifically refers to credits allowed under the SBT Act. It has been suggested that the MEGA Act also should refer to credits provided under the MBT Act, so MEGA could continue issuing to authorized businesses the certificates needed to claim business tax credits.

CONTENT

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

- Specify that an authorized business would be eligible for tax credits provided under the MBT Act, in addition to credits provided under the SBT Act.
- Authorize MEGA to determine the eligibility of, and issue certificates to, qualified taxpayers for credits allowed under the MBT Act.
- Delete a provision authorizing MEGA to approve relocation of public buildings or operations for economic development purposes under the Brownfield Redevelopment Financing Act.

MCL 207.806 & 207.809

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

By referring to sections of the MBT Act that authorize tax credits for certain businesses, the bill would allow MEGA to continue to issue certificates entitling those businesses to claim tax credits. The existing SBT tax credit program encourages business expansion and rewards companies that create new jobs, retain existing jobs, or make significant capital investment in Michigan. Since the MEGA Act specifically refers to credits offered under the SBT Act, which will expire at the end of 2007 and be replaced by the MBT Act at the beginning of 2008, MEGA will not be authorized to issue certificates for those business tax credits after December 31, 2007. Under the bill, MEGA could issue certificates for MBT credits so that, after the SBT Act expires and the MBT Act takes effect, the tax credit program could continue to encourage business investment in Michigan.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would update the Michigan Economic Growth Authority Act with appropriate references to the new Michigan business tax. These proposed changes are "technical" in nature and therefore the bill would have no fiscal impact on State or local government.

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.