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BILL ANALYSIS

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Senate Bill 1053 (Substitute S-1 as reported)
Sponsor: Senator Randy Richardville
Committee: Finance

CONTENT

The bill would amend the Michigan Business Tax Act to allow a unitary business group to elect to include another person that would not otherwise be included in the group, as long as that person met the ownership requirements of a unitary business group. The election would have to be for a period of at least five years.

The Act defines "unitary business group" as a group of United States persons, other than a foreign operating entity, one of which owns or controls, directly or indirectly, more than 50% of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other United States persons, and that has business activities or operations that result in a flow of value between or among persons included in the unitary business group or that are integrated with, are dependent upon, or contribute to each other.

MCL 208.1511 Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce General Fund revenue by an unknown and potentially significant amount. Given that the inclusion of another entity into a unitary business group would be optional, it is unlikely that taxpayers would include the entity if it would increase the tax liability of the group.

The bill would have no fiscal impact on local government.

Date Completed: 2-5-08 Fiscal Analyst: David Zin