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## BILL ANALYSIS



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Senate Bill 1118 (as enacted)  
House Bill 5463 (as enacted)  
Sponsor: Senator John Pappageorge  
Representative Tim Melton  
Senate Committee: Finance  
House Committee: Tax Policy

**PUBLIC ACT 115 of 2008**  
**PUBLIC ACT 114 of 2008**

Date Completed: 7-14-09

**CONTENT**

**Senate Bill 1118 and House Bill 5463 amended the Michigan Business Tax (MBT) Act to allow a taxpayer to claim a credit if it has done one of the following and meets other criteria specified in the Act:**

- **Made a capital investment of at least \$125.0 million in a stadium or entertainment facility and has not received a State appropriation or proceeds from a local bond issue, excluding a tax abatement.**
- **Made a capital investment of at least \$250.0 million in a stadium or entertainment facility.**

The bills were tie-barred to each other and took effect on April 29, 2008.

**House Bill 5463**

Under Section 410 of the Act, an eligible taxpayer may claim a credit against the MBT for tax years that begin on or after January 1, 2008, and end before January 1, 2013, equal to the following:

- For the 2008 through 2010 tax years, 65% of the eligible taxpayer's total MBT liability, up to \$1.7 million.
- For the 2011 tax year, 45% of the eligible taxpayer's total MBT liability, up to \$1,180,000.
- For the 2012 tax year, 25% of the eligible taxpayer's total MBT liability, up to \$650,000.

As used in this section, an "eligible taxpayer" is a taxpayer that is, collectively or individually, including through affiliated companies, an owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium, including grounds and ancillary facilities, that has a capacity of at least 14,000 patrons and is primarily used for professional sporting events or other entertainment. Previously, the taxpayer must have made a capital investment of at least \$250.0 million, collectively or individually, including through affiliated companies, in the construction cost of a facility or stadium for which the taxpayer qualified for this credit. In addition, the taxpayer could not have received proceeds from a State appropriation, a public bond issue from a local unit of government or public authority, or a State or local tax or fee, to assist in the construction or debt retirement of the facility, or a State or local tax or fee from a public entity for road or infrastructure assistance.

Under the bill, the owner, operator, manager, licensee, lessee, or tenant must have made a capital investment of at least \$125.0 million, instead of \$250.0 million. The taxpayer must not have received a State appropriation or proceeds from a public bond issue from a local unit or public authority to assist in the construction or debt retirement of the facility, excluding a tax abatement, other waiver of a State or local tax or fee, or a State or local tax or fee

from a public entity for road or infrastructure assistance.

Also, the bill refers to a stadium or other facility "in this state" with a capacity of at least 14,000 patrons "per facility".

### **Senate Bill 1118**

The bill added Section 410a to the MBT Act to allow a taxpayer to claim a credit in the amount described in Section 410 if it is an "eligible taxpayer" under Section 410a.

The bill defines "eligible taxpayer" as a taxpayer that is, collectively or individually, including through affiliated companies, an owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium in this State, including grounds and ancillary facilities, that has a capacity of at least 14,000 patrons per facility and is primarily used for professional sporting events or other entertainment, and that has made a capital investment of at least \$250.0 million, collectively or individually, including through affiliated companies, in the construction cost of a facility or stadium for which the taxpayer qualifies for this credit.

MCL 208.1410a (S.B. 1118)  
208.1410 (H.B. 5463)

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

These bills expand the Michigan Business Tax stadium credit from a maximum of \$1.7 million for each tax year from 2008 through 2010, \$1.18 million for tax year 2011, and \$650,000 for tax year 2012, to a maximum of \$3.4 million for tax years 2008 through 2010, \$2.36 million for tax year 2011, and \$1.3 million for tax year 2012. The loss in Michigan Business Tax revenue due to the increase in this credit will reduce the General Fund. Local units of government will not be directly affected by these bills.

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.