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BILL ANALYSIS

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Senate Bill 1192 (as passed by the Senate) *(as enrolled)*
Sponsor: Senator Jim Barcia
Committee: Finance

Date Completed: 3-31-08

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to include in the definition of "purchases from other firms", for the 2008 tax year and subsequent tax years, all film rental or royalty payments paid by a theater owner to a film distributor, film producer, or film distributor and producer.

Except as otherwise provided, the Act imposes a modified gross receipts tax on every taxpayer with nexus in the State, as determined under Section 200. The modified gross receipts tax is imposed on the modified gross receipts tax base, after allocation or apportionment to the State at a rate of 0.8%. The modified gross receipts tax base is a taxpayer's gross receipts less purchases from other firms before apportionment under the Act. (Under Section 200, a taxpayer has substantial nexus in this State and is subject to the modified gross receipts tax if the taxpayer has a physical presence in this State for a period of more than one day during the tax year or if the taxpayer actively solicits sales in this State and has gross receipts of $350,000 or more sourced to this State.)

The definition of "purchases from other firms" includes for the 2009 tax year, 50% of film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer, and for the 2010 tax year and each tax year after 2010, all film rental or royalty payments paid by a theater owner to a film distributor, film producer, or film distributor and producer.

Under the bill, "purchases from other firms" instead would include, for the 2008 tax year and each tax year after 2008, all film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer.

MCL 208.1113 Legislative Analyst: Craig Laurie

FISCAL IMPACT

According to information from the Department of Treasury, this bill would reduce Michigan business tax revenue an estimated $1.2 million in FY 2007-08, $1.4 million in FY 2008-09, and $0.4 million in FY 2009-10. The General Fund/General Purpose budget would incur all of this loss in Michigan business tax revenue. Local governments would not be directly affected by this bill.

Fiscal Analyst: Jay Wortley

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