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BILL ANALYSIS

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Senate Bill 1367 (as introduced 6-10-08)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

Date Completed: 6-9-08

CONTENT

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to revise the definitions of "qualified high-wage activity" and "qualified new job", and to revise the investment requirement for certain eligible businesses to enter into an agreement with MEGA for a Michigan business tax (MBT) credit.

The Act allows MEGA to enter into an agreement with an eligible business for an MBT credit if the business meets a prescribed set of criteria. Among the criteria are creating and maintaining a minimum number of qualified new jobs at a facility, maintaining a certain number of full-time jobs in Michigan, and paying a certain level of wages.

As a rule, the wages paid for each retained job and qualified new job must be at least 150% of the Federal minimum wage. If the eligible business is a qualified high-wage activity, the wages paid for each qualified new job must be at least 300% of the Federal minimum wage.

The Act defines "qualified high-wage activity" as a business that has an average wage. The bill would define "qualified high-wage activity" as a business that has an average wage of 300% or more of the Federal minimum wage. As currently provided, the term may include architecture and design, and advertising and marketing, as long as they have an average wage of 300% or more of the Federal minimum wage.

For jobs created after July 1, 2000, "qualified new job" means a full-time job at a facility created by an eligible business that is in excess of the number of full-time jobs maintained by that eligible business in Michigan up to 120 days before the eligible business became an authorized business, as determined by MEGA. The bill would refer to the number of full-time jobs maintained by that business in Michigan up to 90 days before the eligible business became an authorized business.

Under the Act, beginning January 1, 2008, after receiving an application for an MBT credit, MEGA may enter into a written agreement with an eligible business that does not meet criteria regarding qualified new jobs, full-time jobs, and wages, if the eligible business meets other specified criteria. These include agreeing to make new capital investment at a facility equal to \$50,000 or more per retained job maintained at the facility. The bill instead would require the business to agree to invest that amount, through construction, acquisition, transfer, purchase, contract, or any other method as determined by MEGA.

MCL 207.803 & 207.808

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would ease the capital investment requirement for the credit allowed under Section 8(9) of the Act (for a business not meeting other criteria), but this change would not have any measurable fiscal impact.

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.