



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5460 (Substitute H-1 as passed by the House)
Sponsor: Representative Steve Bieda
House Committee: Tax Policy

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to specify that for a taxpayer whose business activities included live radio or television programming or any combination of the business activities included in those groups, media receipts would be in this State and attributable to this State only if the commercial domicile of the customer were in Michigan and the customer had a direct connection or relationship with the taxpayer pursuant to a contract under which the media receipts were derived.

For media receipts from the sale of advertising, if the customer of that advertising were commercially domiciled in this State and received some of the benefit of the sale of that advertising in this State, the media receipts from the advertising to that customer would be included in the numerator of the apportionment factor used to determine MBT liability in proportion to the extent that the customer received the benefit of the advertising in Michigan. For this purpose, if the taxpayer were a broadcaster and the customer received some of the benefit of the advertising in this State, the media receipts for that sale of advertising from that customer would have to be proportioned based on the ratio that the broadcaster's audience in this State bore to its total audience everywhere.

MCL 208.1305

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have an unknown impact on State General Fund revenue. The bill would affect how certain taxpayers involved with radio and television programming will apportion their business activity to Michigan. For some taxpayers, the bill would likely reduce the portion of the tax base apportioned to Michigan, and thus reduce their liability, while other taxpayers could apportion more to Michigan as a result of the bill and face higher liabilities. The net impact of these influences is unknown.

The bill would have no fiscal impact on local government.

Date Completed: 12-12-07

Fiscal Analyst: David Zin