Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5797 (Substitute H-2 as reported without amendment)
Sponsor: Representative Pam Byrnes
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 11-12-08

CONTENT

The bill would amend the Michigan Business Tax Act to exclude from the definition of "gross receipts" amounts received by a newspaper to acquire advertising space not owned by that newspaper in another newspaper on behalf of another person. This would not apply to any consideration received by the taxpayer for acquiring that advertising space.

The Act imposes a modified gross receipts tax on every taxpayer with nexus as determined under the Act. This tax is imposed on the modified gross receipts tax base, after allocation or apportionment to the State at a rate of 0.8%.

The Act defines "gross receipts" as the entire amount received by the taxpayer, from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, except for certain proceeds, interest earned, or other receipts described in the Act. The bill would amend this definition, as described above.

The bill would be retroactive and effective for taxes levied on and after January 1, 2008.

MCL 208.1111 Legislative Analyst: Craig Laurie

FISCAL IMPACT

This bill would have a very small negative impact on Michigan business tax revenue; however, the way newspapers would be taxed under current law was not separately reflected in the official Michigan business tax revenue estimate, so in terms of the revenue estimate, this bill would have no fiscal impact.

Date Completed: 12-1-08 Fiscal Analyst: Jay Wortley