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BILL ANALYSIS

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House Bill 5843 (as passed by the House)
Sponsor: Representative Kim Meltzer
House Committee: Commerce
Senate Committee: Commerce and Tourism

Date Completed: 3-17-08

CONTENT

The bill would amend the revenue Act to allow the disclosure of tax information concerning sales and business tax credits for film production expenditures in Michigan.

Except as otherwise provided, the revenue Act prohibits an employee, authorized representative, or former employee or authorized representative of the Department of Treasury, or anyone connected with the Department, from divulging any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the Department's audit selection or processing criteria for a tax administered by the Department. An employee or authorized representative may not willfully inspect any return or information contained in a return unless it is appropriate for the proper administration of a tax law administered under the Act. A violation is a felony punishable a maximum fine of \$5,000 and/or up to five years' imprisonment, together with the costs of prosecution.

The Act describes circumstances under which a person may disclose tax information. Under the bill, a person could disclose that information if the disclosure were required for the administration of Section 4cc of the General Sales Tax Act or Section 455 of the Michigan Business Tax (MBT) Act. (Section 4cc of the General Sales Tax Act provides for sales tax credits for film production expenditures. House Bill 5842 (H-1) would amend the section to limit the credits to agreements entered into before February 29, 2008. Section 455 of the MBT Act is proposed by House Bill 5841 (H-1) to allow the Michigan Film Office, with the concurrence of the State Treasurer, to enter into agreements to provide business tax credits for an eligible production company.)

MCL 205.28

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. There are no data to indicate how many offenders would be convicted of disclosing information required for the administration of sales or business tax credits for film production expenditures, absent the bill. To the extent that the bill would decrease convictions for violating confidentiality requirements of the revenue Act, local governments would incur decreased costs of incarceration in local facilities, which vary by county. The State would incur decreased costs of felony probation at an annual average cost of \$2,000, as well as

decreased costs of incarceration in a State facility at an average annual cost of \$33,000. Penal fine revenue benefits public libraries.

The bill would have no fiscal impact on the Department of Treasury.

Fiscal Analyst: Lindsay Hollander
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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.