Legislative Analysis

Mitchell Bean, Director
Phone: (517) 373-8080
http://www.house.mi.gov/hfa

MEGA REPORT TO LEGISLATURE

Senate Bill 71 (Substitute H-1)
Sponsor: Sen. Nancy Cassis
House Committee: Tax Policy
Senate Committee: Finance

Complete to 10-2-09

A SUMMARY OF SENATE BILL 71 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend Section 10 of the Michigan Economic Growth Authority Act (MCL 207.810), which requires an annual to report to the Legislature by MEGA by October 1. The bill (1) expands the amount of information on job creation and capital investment that must be reported and (2) provides more specificity about to whom the report must be made.

Who receives the report
Currently, the act requires a report to both houses of the Legislature. The bill would specify that the authority must report to the chairs of the House and Senate Appropriations committees, the chairs of the House Tax Policy and Senate Finance committees, and the directors of the House and Senate Fiscal Agencies. The bill also requires MEGA to report to those individuals at their written request, in addition to the annual report.

The bill also requires that the auditor general review and comment on the report before it is submitted to the Legislature.

Information that must be in the report (current law)
At present, the annual report must include the total amount of capital investment attracted under the act; total number of qualified new jobs created; the total number of new written agreements; the name and location of all authorized businesses and key officials; the amount and duration of the tax credit separately for each authorized business; the amount of any payment to the Michigan Economic Development Corporation paid or made in the previous three years; and the total number of new written agreements, and for which of those agreements the MEGA board determined it was in the public interest to waive certain job creation requirements.

Information that must be in the report (new)
The bill would newly require the report to contain the following information: the amount of capital investment required and the number of jobs anticipated to be created or retained for each business to be eligible for tax credits; (2) the total capital investment for credits under new written agreements; and (3) for each written agreement with each business, the actual number of jobs created or retained for the most recent year available and all previous years under the agreement, the capital investment at that facility for tax credits

for that year and all previous years, and the total value of all the tax credits received under that written agreement for that year and all previous years.

Senate Bill 71, as substituted, is tie-barred to House Bill 4922, meaning it could not take effect unless House Bill 4922 is enacted.

House Bill 4922 increases from 400 to 500 the number of yearly credits that can be entered into for businesses that are not qualified high-technology businesses, distressed businesses, rural businesses, or historic resource businesses. (Note: If a business in this category is awarded a credit for 20 years, that would be considered 20 yearly credits rather than one credit.) The bill also increases from 50 to 75 the number of new written agreements each year for qualified high-technology businesses or rural businesses. Only 35 of those (rather than 25 currently) could be for rural businesses. (*This bill has passed the House and is in the Senate Finance Committee*.)

FISCAL IMPACT:

This bill would have no significant State or local fiscal impact. However, there could be increased State costs if additional staffing is necessary.

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.