

Legislative Analysis



MOTORSPORTS COMPLEX: MBT CREDIT

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House Bill 6235

Sponsor: Rep. Richard LeBlanc

Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 6-7-10

A SUMMARY OF HOUSE BILL 6235 AS INTRODUCED 6-2-10

Under the Michigan Business Tax Act, there is a tax credit for capital expenditures made by a motorsports entertainment complex on infield renovation, grandstand and infrastructure upgrades, and other construction and upgrades, up to certain limits. This tax credit is for the 2008-2012 tax years. House Bill 6235 would extend the credit through the 2016 tax year.

The MBT Act sets the maximum credit at \$2.1 million for the 2008-2010 tax years; \$1.58 million for the 2011 tax year; and \$1.05 million for the 2012 tax year. (The credit cannot exceed taxpayer liability.)

Under House Bill 6235, the maximum credit for the 2012 through the 2016 tax year would be \$1.58 million.

To be eligible for the credit currently, the motorsports complex must spend at least \$30 million on capital expenditures before January 1, 2011. Under the bill, to be eligible for the credit in years 2013-2016, the complex would have to spend at least an additional \$32 million on capital expenditures, with at least \$10 million of that in years 2011-2012, and the remainder before January 1, 2016.

[The MBT Act contains another credit for such a taxpayer equal to the full amount of necessary expenditures incurred to ensure traffic and pedestrian safety while hosting the requisite motorsports events each year, including professional fees, additional police officers, and any traffic management devices. This is a refundable credit. This credit is calculated after the credit for capital expenditures has been calculated.]

BACKGROUND INFORMATION:

For purposes of these credits, an "eligible taxpayer" is any of the following:

- A person who owns and operates a motorsports entertainment complex and has at least two days of motorsports events each calendar year that are comparable to NASCAR Nextel Cup events held in 2007 or their successor events.
- A person who is the lessee and operator of a motorsports entertainment complex or the lessee of the land on which such a complex is located and operates that complex.

- A person who operates and maintains a motorsports entertainment complex under an operation and management agreement.

The term "motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following: (2) Has at least 70,000 fixed seats for race patrons; (2) has at least six scheduled days of motorsports events each calendar year; (3) serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of one or more nonprofit civic or charitable organizations that directly benefit from concession outlet sales; (4) engages in tourism promotion; and (5) has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.

FISCAL IMPACT:

This bill would reduce MBT revenue by an estimated \$0.53 million for tax year 2012 and by \$1.58 million per year for tax years 2013 through 2016. This MBT reduction would affect General Fund/General Purpose (GF/GP) revenue.

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