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Senate Bill 72 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Nancy Cassis
Committee: Finance

Date Completed: 6-18-09

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to require the Department of Treasury to do the following:

- Prepare a listing of each credit allowed under the Act and a detailed explanation of that credit.**
- Submit to the Governor and legislative committees an annual report concerning the operation and effectiveness of specific credits.**
- Post this and other annual reports on the Department's website or provide a link to them.**

Specifically, the bill would require the Department to prepare a clear and concise listing of each credit allowed under the Act. The Department would have to make a copy of the listing available to the public upon request and post it on the Department's official website.

Beginning July 1, 2010, and each subsequent July 1, the Department would have to submit an annual report to the Governor and the chairpersons of the Senate and House of Representatives standing committees with jurisdiction over matters relating to taxation and finance, and post the report on the Department's official website. The report would have to concern the operation and effectiveness of the credits under Sections 429, 433, 437, 457, and 459 of the Act. (Those sections allow tax credits for alternative energy technology businesses and qualified alternative energy entities, businesses located and conducting business in renaissance zones, businesses engaged in brownfield redevelopment, businesses with investments in qualified film and digital media infrastructure projects, and film production companies that make qualified job training expenditures.)

The report would have to include the following information:

- A brief assessment of the overall effectiveness of each of the credits available under Sections 429, 433, 437, 457, and 459 in attracting more business to Michigan and creating more jobs in the State during the immediately preceding calendar year.
- The number of taxpayers, broken down by business sector and firm size in a manner that did not identify individual taxpayers, that applied for each of those credits.
- To the extent applicable, the amount of money spent by each taxpayer identified above, to comply with its respective agreements and a breakdown of that spending by those taxpayers classified as goods, services, or salaries and wages in the immediately preceding calendar year.
- An estimate of the number of people employed in Michigan by the identified taxpayers that qualified for the credit under Section 429, 433, 437, 457, or 459 in the immediately preceding calendar year.

-- The value of all tax credit certificates of completion issued under those sections in the immediately preceding calendar year.

The requirements of Section 28(1)(f) of the revenue Act would not apply to disclosure of tax information required by the bill. (Under that section, an employee, authorized representative, or former employee or authorized representative of the Department or anyone connected with the Department may not divulge 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, except as otherwise provided.)

Within 10 business days after the annual reports required under the bill, Section 455 of the MBT Act, and Section 10 of the Michigan Economic Growth Authority Act (MEGA) were submitted to the Governor and both houses of the Legislature, respectively, the Department would have to post a copy of the reports, or at least provide a link to them, on its official website.

(Section 455 of the MBT Act allows a tax credit for an eligible production company's direct production expenditures and qualified personnel expenditures, and requires the Michigan Film Office to submit an annual report concerning the operation and effectiveness of the credit. Section 10 of the MEGA Act requires MEGA to submit an annual report on its activities.)

MCL 208.1513

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

There could be additional staff time costs associated with the requirements of the bill. Current appropriations should be sufficient to support the listing and reporting of tax credits allowed under the Act; however, additional appropriations could become necessary if the reporting requirements became too cumbersome for the Department's current staffing level.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco

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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.