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Senate Bill 466 (as introduced 4-23-09)
Sponsor: Senator Wayne Kuipers
Committee: Commerce and Tourism

Date Completed: 4-27-09

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to allow the Michigan Economic Growth Authority (MEGA) to enter into a maximum of four, rather than three, tax credit agreements for the construction of an integrative cell manufacturing facility.

Under the Act, a taxpayer that has entered into an agreement with MEGA may claim an MBT credit equal to 50% of the capital investment expenses for any tax year for the construction of an integrative cell manufacturing facility that includes anode and cathode manufacturing and cell assembly, if the taxpayer will create at least 300 new jobs in Michigan. The Act allows MEGA to enter into not more than three such agreements, each with a maximum allowable credit of \$25.0 million per year for up to four years. No credit may be claimed in a tax year beginning before 2012, but credits may be based on expenses incurred in Michigan in earlier years. The Authority may not enter into an agreement after October 1, 2009.

Under the bill, MEGA could enter into up to four of these tax-credit agreements until that date.

MCL 208.1434

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would change the existing credit for construction of an integrative cell (battery) manufacturing facility by increasing the maximum number of credits by one, from three to four. This bill would not change the current law provisions that not more than \$25.0 million may be claimed per year per credit for not more than four years and that the 2012 tax year is the first year any of these credits may be claimed. As a result, this proposed additional credit would reduce MBT revenue by a maximum of \$25.0 million per year beginning with the 2012 tax year and the maximum revenue loss through the 2015 tax year or later would be \$100.0 million. The loss in revenue under this bill would reduce General Fund revenue. The bill would have no direct impact on local governments.

Fiscal Analyst: Jay Wortley

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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.