



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 5295 (as reported without amendment)

Sponsor: Representative Kate Ebli

House Committee: Tax Policy

Senate Committee: Finance

**CONTENT**

The bill would amend Chapter 2B of the Michigan Business Tax Act to include a federally chartered Farm Credit System institution in the definition of "financial institution". The present definition includes a bank holding company, national bank, State-chartered bank, thrift institution, and savings and loan holding company.

Under Chapter 2B, every financial institution with nexus to the State is subject to a franchise tax in lieu of the business income tax and the modified gross receipts tax. The franchise tax is imposed upon the financial institution's tax base (net capital) after allocation or apportionment to the State, at a rate of 0.235%.

MCL 208.1261

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would likely reduce MBT revenue to the General Fund by an unknown, but minimal, amount. The actual impact would depend upon the specific characteristics of the affected taxpayers. The bill would not affect local revenue or expenditures.

Date Completed: 7-1-10

Fiscal Analyst: David Zin