



Telephone: (517) 373-5383 Fax: (517) 373-1986 TDD: (517) 373-0543

House Bill 6235 (Substitute H-1 as reported without amendment)

Sponsor: Representative Richard LeBlanc

House Committee: Tourism, Outdoor Recreation and Natural Resources

Senate Committee: Finance

## **CONTENT**

The bill would amend the Michigan Business Tax (MBT) Act to revise the credit that an eligible taxpayer may claim for capital expenditures on a motorsports entertainment complex, by doing the following:

- -- Increasing the amount of the credit for the 2012 tax year (currently the last year of the credit).
- -- Extending the credit through the 2016 tax year.
- -- Requiring a taxpayer to spend an additional \$32.0 million in capital expenditures before 2017.

For tax years beginning on or after January 1, 2008, and ending before January 1, 2013, an eligible taxpayer may claim a credit against the MBT equal to the amount of capital expenditures on infield renovation, grandstand and infrastructure upgrades, and any other construction and upgrades. The credit may not exceed the taxpayer's MBT liability or the following amount, whichever is less: \$2.1 million for the 2008, 2009, or 2010 tax year; \$1,580,000 for the 2011 tax year; or \$1,050,000 for the 2012 tax year.

Under the bill, for the 2012 tax year, and for tax years beginning on or after December 1, 2012, and ending before January 1, 2017, the credit could not exceed \$1,580,000 or the taxpayer's MBT liability, whichever was less.

To be eligible to claim the capital expenditure credit under current law, a taxpayer must spend at least \$30.0 million on capital expenditures before January 1, 2011. Under the bill, to be eligible to claim the credit for tax years beginning after 2012 and before 2017, a taxpayer would have to spend, at a minimum, an additional \$32.0 million in capital expenditures after December 31, 2010, and before January 1, 2016. Of that amount, at least \$10.0 million would have to be spent before January 1, 2013.

MCL 208.1409 Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

The bill would reduce General Fund revenue by approximately \$530,000 in tax year 2012 and by \$1,580,000 in tax years 2013 through 2016. These reductions would be in addition to any reductions due to the investment tax credit the taxpayer would receive for making the investments necessary to qualify for the credits under the bill.

Date Completed: 6-21-10 Fiscal Analyst: David Zin