

Legislative Analysis



MBT EARMARK

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6023

Sponsor: Rep. Jud Gilbert, II

Committee: Tax Policy

Complete to 11-14-12

A SUMMARY OF HOUSE BILL 6023 AS INTRODUCED 11-8-12

The Michigan Business Tax Act contains an earmark that directs a portion of tax revenue to the School Aid Fund with the balance of the revenue going to the General Fund.

House Bill 6023 would remove the School Aid Fund earmark after the 2010-2011 fiscal year, meaning that all revenue from the MBT would be distributed to the General Fund for the 2011-2012 fiscal year and all subsequent fiscal years. To accomplish this, the bill is retroactive and effective as of October 1, 2011. This is understood to correct an oversight when changes were made to the state's business and personal tax structure in 2011.

[The Michigan Business Tax was replaced as of January 1, 2012, by a new corporate income tax. However, the MBT will remain in place for those business taxpayers who choose to continue to file under the MBT to keep certain "certificated credits." Once those credits have been exhausted, the MBT will be repealed.]

MCL 208.1515

FISCAL IMPACT:

House Bill 6023 corrects statute to comply with the intent of the business and personal income tax reform that was enacted in 2011 by removing the MBT earmark to the School Aid Fund beginning in FY 2011-12. This bill conforms to the May 2012 consensus revenue estimates and the enacted budget.

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.