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BILL ANALYSIS

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House Bill 5732 (Substitute H-1 as reported without amendment)
Sponsor: Representative Jud Gilbert, II
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Michigan Business Tax Act to do the following:

-- Allow a historic preservation credit to be assigned within 12 months after the tax year in which a certificate of completed rehabilitation was issued.
-- Allow the reassignment of an assigned historic preservation credit approved for a high community impact rehabilitation plan.

Under the Act, a qualified taxpayer that owns and rehabilitates a historic resource may claim a credit against the Michigan Business Tax for a percentage of the taxpayer's qualified expenditures, if the taxpayer receives a preapproval letter and a certificate of completed rehabilitation, and other criteria are met.

The Act allows a qualified taxpayer to assign all or a portion of the credit. A credit assignment must be made in the tax year in which a certificate of completed rehabilitation is issued.

Under the bill, notwithstanding this requirement, for projects for which a certificate of completed rehabilitation was issued for a tax year beginning after December 31, 2007, and ending before January 1, 2012, an assignment by a qualified taxpayer of all or any portion of a credit made within the 12 months immediately after the tax year in which the certificate was issued, would qualify as an assignment.

For projects for which a certificate of completed rehabilitation was issued for a tax year that began during 2010, an assignee of a credit allowed under Section 435(20) available to be claimed for a tax year beginning after December 31, 2011, could assign all or any portion of that credit to one or more assignees. Any assignee could subsequently reassign that credit or any portion of it to one or more assignees. An assignment or reassignment of a credit under these provisions could be made at any time before December 31, 2012. (Section 435(20) allows credits for high community impact rehabilitation plans.)

MCL 208.1435 & 208.1510 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Based on estimates from the Department of Treasury, the bill would reduce State General Fund revenue by approximately $2.4 million in FY 2012-13.

Date Completed: 12-12-12 Fiscal Analyst: David Zin