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BILL



ANALYSIS

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Senate Bill 623 (as reported without amendment)
Sponsor: Senator Ken Horn
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to allow an extension or renewal granted to certain Michigan renaissance zones to be included in a determination of whether a person was a resident of a renaissance zone for purposes of an income tax deduction.

Under the Act, to the extent and for the duration provided in the Michigan Renaissance Zone Act, to determine taxable income, a qualified taxpayer may deduct, to the extent included in adjusted gross income, an amount equal to the sum of all of the following: income earned or received during the time that the qualified taxpayer was a resident of a qualified renaissance zone, except as provided in the following three items; interest and dividends received in the tax year during the period that the qualified taxpayer was a resident of a qualified renaissance zone; capital gains received in the tax year prorated based on the percentage of time that the taxpayer held the asset while he or she was a resident of the qualified renaissance zone; and income received by the qualified taxpayer from winning a State-sponsored on-line or instant lottery game.

"Qualified renaissance zone" means those geographic areas in a renaissance zone that were designated as a renaissance zone before January 1, 2012. A qualified renaissance zone does not include any portion of a renaissance zone for which an extension or renewal is approved after December 31, 2011. The bill would create an exception to this provision for an extension or renewal granted under Section 4(8) of the Act.

(Under Section 4(8) of the Renaissance Zone Act, if a qualified local governmental unit in which a renaissance zone designated by the State Administrative Board received approval by the Michigan Strategic Fund to extend the duration of the renaissance zone status for a period of seven years and that zone was located in a county with a population of more than 190,000 and less than 240,000 according to the most recent decennial census, that qualified local governmental unit could resubmit an application to the Michigan Strategic Fund before June 30, 2014, to extend the duration of renaissance zone status for an additional eight years, not to exceed 15 years' total extension.)

MCL 206.31a

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would keep eligibility for the renaissance zone income tax deduction consistent with amendments to the Renaissance Zone Act made by Public Act 27 of 2014, which allowed a qualified local governmental unit to seek an eight-year extension of renaissance zone status in addition to a previously granted seven-year extension. While the actual impact would be determined by the specific characteristics of the affected properties, because the changes would apply to a single renaissance zone located in Saginaw County, the potential impact on General Fund revenue is expected to be minimal.

Date Completed: 12-1-17

Fiscal Analyst: David Zin

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Bill Analysis @ www.senate.michigan.gov/sfa

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.