



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bill 1097 (as reported without amendment)  
Sponsor: Senator Jack Brandenburg  
Committee: Finance

### **CONTENT**

The bill would amend the Income Tax Act to specify that Federal taxable income would have to be calculated as if Section 163(j) of the Internal Revenue Code were not in effect.

Under the Income Tax Act, "Federal taxable income" means taxable income as defined in Section 63 of the Internal Revenue Code, except that Federal taxable income must be calculated as if Sections 168(k) and 199 of the Code were not in effect. The bill also would include Section 163(j) in this list. (Section 163(j) of the Internal Revenue Code concerns limitations on deductions for interest on certain indebtedness.)

The bill is retroactive and would be effective January 1, 2018, and would apply to all business activity occurring after December 31, 2017.

MCL 206.607

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill would reduce General Fund revenue by approximately \$14.0 million in fiscal year (FY) 2017-18, \$115.0 million in FY 2019-20, and by approximately \$97.0 million in FY 2019-20, with the amount likely increasing in subsequent years as economic growth continues and the economy experiences higher interest rates.

Date Completed: 9-27-18

Fiscal Analyst: David Zin