



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



BILL ANALYSIS

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

Senate Bill 437 (Substitute S-1 as reported)
Sponsor: Senator Wayne A. Schmidt
Committee: Economic and Small Business Development

CONTENT

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

- Specify that a qualified taxpayer that was approved for a credit based on a multiphase project by Resolution 2010-219 adopted by the Michigan Economic Growth Authority and issued a preapproval letter on June 10, 2011, would have until September 14, 2023, to complete that project and claim the credit without penalty.
- Specify that a component of a multiphase project would be considered completed when a temporary or final certificate of occupancy had been issued.

MCL 208.1437

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

To the extent that the project approved by Resolution 2010-219 was completed by the current due date, the bill would have no fiscal impact. Under the terms of the bill, if the project were completed after the current due date but before September 14, 2023, the bill would shift tax credits that would reduce fiscal year (FY) 2020-21 Michigan Business Tax (MBT) revenue to a later fiscal year, possibly FY 2022-23 or FY 2023-24.

Certificated credits approved under the MBT are expected to be claimed through FY 2031-32, based on the terms of the credits. The Consensus Revenue Estimating Conference estimates if and when certificated credits likely will be claimed. Absent the bill, if the project were not completed by the current due date, the State would pay approximately \$10.0 million less in credits during FY 2020-21. If the bill were enacted, and the project was completed by September 14, 2023, the projected credit would be claimed in a later fiscal year, resulting in fewer credits in FY 2020-21, but an increase in the credits that would be paid during a later fiscal year.

Date Completed: 5-24-21

Fiscal Analyst: David Zin