



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4443 (Substitute S-2 as reported)
House Bill 4444 (Substitute H-1 as reported without amendment)
Sponsor: Representative Jim Lilly (H.B. 4443)
Representative Kevin Hertel (H.B. 4444)
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

CONTENT

House Bill 4443 (S-2) would amend Parts 1 and 2 of the Income Tax Act to allow, for tax years that begin on and after January 1, 2021, a taxpayer that was a distributor who originated a deposit on a beverage container to claim a credit against the individual or corporate income tax, respectively. The credit would be equal to the sum of \$0.005 per returnable container (adjusted for inflation) and the refund value established under the beverage container deposit law per returnable container over-redeemed during the tax year.

House Bill 4444 (H-1) would amend the beverage container deposit law to modify the distribution of money from the Bottle Deposit Fund for 2020, 2021, and 2022 if the amount paid by underredeemers for a calendar year exceeded \$50 million.

Proposed MCL 206.279 & 206.679 (H.B. 4443) Legislative Analyst: Christian Schmidt
MCL 445.573c (H.B. 4444)

FISCAL IMPACT

House Bill 4443 (S-2) would reduce General Fund revenue by \$21.0 million per year beginning in year (FY) 2021-22. While the credit provided by the bill would be effective beginning January 1, 2021, the bill is not anticipated to have any impact until FY 2021-22, when credits for 2021 are likely to be claimed.

House Bill 4444 (H-1) would have a negative fiscal impact on the Cleanup and Redevelopment Trust Fund and a positive fiscal impact on the General Fund for FY 2019-20 if the amount paid by underredeemers in the Bottle Deposit Fund were over \$50.0 million in 2021 or 2022.

Of the amount remaining in the Bottle Deposit Fund from underredeemers, 75% is disbursed to the Cleanup and Redevelopment Trust Fund annually and 25% is distributed annually to dealers. In FY 2019-20, the Bottle Deposit Fund had a balance of \$107.0 million, of which, \$80.3 million was disbursed to the Cleanup and Redevelopment Fund. Under the bill, the Cleanup and Redevelopment Fund would receive only \$37.5 million, which would be a reduction of \$42.8 million. The bill instead would distribute \$57.0 million to the General Fund to pay for the credit claimed under House Bill 4443, \$37.5 million to the Cleanup and Redevelopment Trust Fund, and \$12.5 million to dealers. If the balance of the Bottle Deposit Fund exceeded \$50.0 million in 2021 or 2022, the Cleanup and Redevelopment Fund similarly would receive a reduced disbursement while the General Fund would experience an increase.

The bill would authorize transfers from the Bottle Deposit Fund to the General Fund only for 2020, 2021 and 2022. While the Bottle Deposit Fund balance for FY 2019-20 was \$107.0 million, in previous years the balance has rarely exceeded \$50 million. Anticipated bottle redemption patterns in 2021 and 2022 suggest the balance is unlikely to exceed \$50.0 million in either of those years.

Date Completed: 6-10-21

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