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**SFA****BILL ANALYSIS**

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House Bill 4910 (as passed by the House)  
Sponsor: Representative Kirk A. Profit  
House Committee: Tax Policy  
Senate Committee: Finance

Date Completed: 5-26-98

### **CONTENT**

The bill would amend a provision in the Single Business Tax Act under which sales of tangible personal property (that is shipped from a place in Michigan) are in this State if the taxpayer is not taxable in the state of the purchaser. Under the bill, this provision would apply only to tax years beginning *before* January 1, 1998.

(This provision, commonly referred to as the “throwback rule”, relates to the apportionment formula in the Act, which calculates the ratio of a firm’s property, payroll, and sales in Michigan to its entire property, payroll, and sales. Under the rule, if sales are not taxable in another state where the property is purchased, they are considered to have been made in Michigan. In other words, the sales are “thrown back” to this State and taxed under the Act.)

MCL 208.52

Legislative Analyst: S. Lowe

### **FISCAL IMPACT**

According to the Department of Treasury, eliminating the sales “throwback” provision in the single business tax, as proposed in this bill, would reduce single business tax collections by an estimated \$20 million annually. This loss in revenue would have an impact on General Fund/General Purpose revenue.

Fiscal Analyst: J. Wortley

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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.