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**SFA****BILL ANALYSIS**

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Senate Bill 405 (as introduced 3-3-99)  
Sponsor: Senator Gary Peters  
Committee: Finance

Date Completed: 5-3-99

### **CONTENT**

The bill would amend the Single Business Tax (SBT) Act to allow a taxpayer with 20 or fewer employees, that established a "qualified retirement plan", to claim a credit against the SBT equal to \$1,500 or 50% of the costs the taxpayer paid to establish the plan, whichever was less. A "qualified retirement plan" would be a program that provided retirement or pension benefits for all employees, implemented by a taxpayer that had not previously offered any retirement or pension plan or program to its employees. "Retirement or pension benefits" would be any distribution from a 401(K) plan, or retirement or pension benefits as specified under the Income Tax Act.

The bill would allow a taxpayer to claim the credit only in the tax year in which the qualified retirement plan was first established. If the credit exceeded the SBT liability of the taxpayer for the tax year, the excess would have to be refunded to the taxpayer.

The bill would apply to tax years beginning on or after January 1, 2000, and ending before January 1, 2005.

Proposed MCL 208.39d

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

This bill would reduce single business tax revenue by an estimated \$4 million in FY 1999-2000 and \$12 million in FY 2000-01. This loss in revenue would affect the General Purpose portion of the General Fund.

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.