



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 4971 (Substitute H-2 as discharged)
Sponsor: Representative Fulton Sheen
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Single Business Tax (SBT) Act to provide that, for tax years beginning on or after January 1, 2006, and ending before January 1, 2016, a taxpayer that was engaged in research and development of a qualified technology could claim a credit against the SBT equal to 3.9% of the compensation for services performed in a qualified facility, paid to employees at the facility in the tax year, if the taxpayer had entered into an agreement with the Michigan Economic Growth Authority (MEGA) before January 1, 2007.

The maximum credit that any one taxpayer could claim in a single year would be \$3.0 million. If the credit exceeded the taxpayer's SBT liability for a tax year, the excess portion would be refundable.

The agreement with MEGA would have to provide the type and number of jobs at the qualified facility; the type of work to be performed by the employees working in the qualified facility; and any other terms and conditions that MEGA considered to be in the public interest.

"Qualified technology" would mean a two-mode hybrid system whose primary purpose is the propulsion of a motor vehicle. "Qualified facility" would mean a leased facility used exclusively for the research and development of a qualified technology in a city that has a population of at least 80,000 but not more than 82,000, located in a county with a population of at least 1.0 million but not more than 1.3 million, according to the 2000 census.

Proposed MCL 208.32

Legislative Analyst: J.P. Finet

FISCAL IMPACT

This bill is designed to provide a tax credit to a new joint venture by General Motors, DaimlerChrysler, and BMW called the Hybrid Development Center, which is located in Troy. The tax credit proposed in this bill would reduce single business tax revenue an estimated \$2.5 million. All of this loss in revenue would affect the General Fund/General Purpose budget. This bill would have no direct impact on local government.

Date Completed: 6-27-06

Fiscal Analyst: Jay Wortley

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Analysis available @ <http://www.michiganlegislature.org>

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.