

Legislative Analysis



MBT STADIUM CREDIT

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House Bill 5463 (Substitute H-1)

Sponsor: Rep. Tim Melton

Committee: Tax Policy

Complete to 2-14-08

A REVISED SUMMARY OF HOUSE BILL 5463 AS REPORTED FROM COMMITTEE

Section 410 of the new Michigan Business Tax provides for a credit for the 2008-2012 tax years for certain stadium construction projects.

The credit was made available to an owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium with a capacity of at least 14,000 patrons used primarily for professional sporting events or other entertainment, where the eligible taxpayer has made a capital investment of at least \$250 million into the construction costs, if the facility or stadium has not received proceeds from a state appropriation, a public bond issue, or a state or local tax or fee to assist in the construction or debt retirement, other than a state or local tax or fee from a public entity for road or infrastructure assistance.

The credit is 65% of the firm's tax liability up to \$1.7 million in 2008-2010, 45% of the firm's tax liability up to \$1.18 million in 2011, and 25% of the firm's tax liability in 2012 up to \$650,000.

House Bill 5463 would rewrite the stadium credit provision (MCL 208.1410) so that a taxpayer would be eligible for the credit if the taxpayer satisfied either (instead of both) of the following provisions:

(1) Is, collectively or individually, the owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium in the state used primarily for professional sporting events or other entertainment with a capacity of at least 14,000 patrons per facility and has made a capital investment of at least \$250 million into the construction cost of a qualifying facility or stadium.

(2) Is, collectively or individually, the owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium in the state used primarily for professional sporting events or other entertainment with a capacity of at least 14,000 patrons per facility and that has not received proceeds from a state appropriation, or a public bond issue, excluding a tax abatement, other waiver of a state or local tax or fee, or a state or local tax or fee from a public entity for road or infrastructure assistance.

The bill contains an effective date of January 1, 2008 (which is the effective date of the new MBT).

FISCAL IMPACT:

Reportedly, the bill will implement the original intent of the credit provision, and so would have no unintended revenue impact.

POSITION:

Illitch Holdings has indicated support for the bill. (2-13-08)

Palace Sports and Entertainment has indicated support for the bill. (2-13-08)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.