

# Legislative Analysis

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## **MBT: DEVELOPMENT ACCOUNTS CREDIT**

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**House Bill 5723**

**Sponsor: Rep. Steve Bieda**

**Committee: Tax Policy**

**Complete to 2-26-08**

## **A SUMMARY OF HOUSE BILL 5723 AS INTRODUCED 2-13-08**

The bill would amend the newly enacted Michigan Business Tax to allow taxpayers to claim a credit equal to 75 percent of contributions made to the reserve fund of a fiduciary organization under the Individual or Family Development Account Program Act. This would also apply to financial institutions participating in an account program.

That act was created by Public Act 513 of 2006. Essentially, the program allows low-income persons to establish special savings accounts for a first-time home purchase, starting a business, or educational expenses. The program allows for the creation of reserve funds into which matching funds can be contributed by individuals and companies. Individuals and entities making such contributions are currently eligible for an income tax credit, with the total of all such credits capped at \$1 million annually. House Bill 5723 would also allow an MBT credit and would make that existing cap apply to the total of all income tax credits and MBT credits.

The MBT credit created in the bill would not be refundable but firms could carry forward any credits that exceed tax liability in subsequent tax years for 10 years or until the excess credit is used up, whichever occurs first.

MCL 208.1426

## **FISCAL IMPACT:**

The bill would not have a significant fiscal impact.

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