

# Legislative Analysis

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## **MBT: BUSINESS INCOME TAX DEDUCTION FOR CANCELLED DEBT RELATED TO FORECLOSURE**

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 6289**

**Sponsor: Rep. Andy Meisner**

**Committee: Tax Policy**

**Complete to 12-10-08**

### **A REVISED SUMMARY OF HOUSE BILL 6289 AS INTRODUCED 6-26-08**

The Michigan Business Tax imposes a tax on business income of 4.95%, after allocation and apportionment. (This is in addition to the modified gross receipts tax of 0.8%). Generally, business income is that part of federal taxable income derived from business income, subject to a number of adjustments.

House Bill 6289 would allow a deduction, to the extent included in federal taxable income, for any income derived from the cancellation of debt, or other disposition of property, related to the foreclosure of property owned by the taxpayer and used in the regular course of business or any other transaction (such as a deed in lieu of foreclosure or sale by a court-appointed receiver).

#### **FISCAL IMPACT:**

The impact would fall on the General Fund, which would be reduced by an indeterminate amount.

Legislative Analyst: Mark Wolf  
Fiscal Analyst: Jim Stansell

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