



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 1198 (as discharged)
Sponsor: Senator Nancy Cassis
Committee: Finance

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to do the following:

- Increase by \$70,000 the income limits affecting eligibility for a credit available to taxpayers whose gross receipts do not exceed \$20.0 million and whose adjusted business income does not exceed a specified amount.
- Remove a restriction that allows a taxpayer to claim the entrepreneurial tax credit only for the 2008, 2009, and 2010 tax years.
- Allow a taxpayer to claim the entrepreneurial credit in an amount equal to 100% of the taxpayer's MBT liability, instead of 100% of the taxpayer's MBT liability attributable to increased employment.

MCL 208.1417 & 208.1441

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would expand the Michigan Business Tax Act's small business and entrepreneurial credits. Based on information from the Department of Treasury, the bill's proposed changes to the small business credit would increase the cost of the credit (reduce Michigan business tax revenue) an estimated \$120.0 million in FY 2007-08 and \$188.3 million in FY 2008-09. Given these proposed changes to the small business credit, the proposed changes to the entrepreneurial credit would increase the cost of this credit (reduce Michigan business tax revenue) an estimated \$41.9 million in FY 2007-08 and \$65.7 million in FY 2008-09. The General Fund/General Purpose budget would incur all of this loss in Michigan business tax revenue. The bill would not directly affect local governments.

Date Completed: 4-4-08

Fiscal Analyst: Jay Wortley