

# SENATE BILL No. 871

November 1, 2007, Introduced by Senator PRUSI and referred to the Committee on Finance.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 601 (MCL 208.1601); and to repeal acts and  
parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 601. (1) For the 2008 fiscal year, except as otherwise  
2       provided under subsection (4), if total net cash payments from the  
3       tax imposed under this act plus any net cash payments from former  
4       1975 PA 228 less any net cash payments made by insurance companies  
5       under ~~either act~~ **THIS ACT OR FORMER 1975 PA 228** exceed  
6       \$2,398,000,000.00, 50% of that excess shall be refunded in the  
7       immediately succeeding fiscal year as provided in subsection (5)  
8       and the remaining 50% shall be deposited into the ~~countercyclical~~  
9       budget and economic stabilization fund. ~~pursuant to section 353 of~~

~~the management and budget act, 1984 PA 431, MCL 18.1353.~~

(2) For the 2009 fiscal year, except as otherwise provided under subsection (4), if total net cash payments from the tax imposed under this act, excluding any revenue collected pursuant to chapter 2A, exceed the fiscal year 2009 base, 50% of that excess shall be refunded in the immediately succeeding fiscal year as provided in subsection (5) and the remaining 50% shall be deposited into the ~~countercyclical budget and economic~~ stabilization fund.

~~pursuant to section 353 of the management and budget act, 1984 PA~~

~~431, MCL 18.1353.~~ To calculate the fiscal year 2009 base, **THE**

**DEPARTMENT SHALL** multiply \$2,398,000,000.00 by 1.01 and then multiply this product by 2009 fiscal year Michigan personal income divided by 2008 fiscal year Michigan personal income.

(3) For the 2010 fiscal year, except as otherwise provided under subsection (4), if total net cash payments from the tax imposed under this act, excluding any revenue collected pursuant to chapter 2A, exceed the fiscal year 2010 base, 50% of that excess shall be refunded in the immediately succeeding fiscal year as provided in subsection (5) and the remaining 50% shall be deposited into the ~~countercyclical budget and economic~~ stabilization fund.

~~pursuant to section 353 of the management and budget act, 1984 PA~~

~~431, MCL 18.1353.~~ To calculate the fiscal year 2010 base, **THE**

**DEPARTMENT SHALL** multiply \$2,398,000,000.00 by 1.0201 and then multiply this product by 2010 fiscal year Michigan personal income divided by 2008 fiscal year Michigan personal income.

(4) If the amount of the total net cash payments collected from the tax imposed under this act, excluding any revenue

collected pursuant to chapter 2A, exceeds the amount described in the applicable subsection by less than \$5,000,000.00, then all of that excess shall be deposited into the ~~countercyclical budget and economic stabilization fund. pursuant to section 353 of the management and budget act, 1984 PA 431, MCL 18.1353.~~

(5) The refund ~~available~~ **AUTHORIZED** under subsection (1), (2), or (3) shall be applied pro rata to the taxpayers that made positive net cash payments during the fiscal year. The taxpayer's pro rata share shall be the total amount to be refunded under subsection (1), (2), or (3) multiplied by a fraction the numerator of which is the positive net payments made by the taxpayer during the fiscal year and the denominator of which is the sum of the positive net cash payments made by all taxpayers during the fiscal year.

(6) As used in this section:

**(A) "BUDGET STABILIZATION FUND" MEANS THE COUNTERCYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND CREATED UNDER SECTION 351 OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1351.**

**(B)** ~~(a)~~ "Fiscal year" means the state fiscal year that commences October 1 and continues through September 30.

**(C)** ~~(b)~~ "Fiscal year Michigan personal income" ~~is~~ **MEANS** the average of the 4 quarterly values for the fiscal year, as published by the United States **DEPARTMENT OF COMMERCE**, bureau of economic analysis. Fiscal year personal income for subsection (2) is calculated using the personal income totals published in December 2009. Fiscal year personal income for subsection (3) is calculated using the personal income totals published in December 2010.

1           (D) ~~(e)~~—"Net cash payments" for the fiscal year are equal to  
2 cash annual and estimated payments made during the fiscal year less  
3 refunds paid during the fiscal year. Refunds paid under this  
4 section are not used to reduce net cash payments for purposes of  
5 calculating refunds paid out under this section.

6           Enacting section 1. Sections 353c, 353e, and 353f of  
7 management and budget act, 1984 PA 431, MCL 18.1353c, 18.1353e, and  
8 18.1353f, are repealed.

9           Enacting section 2. This amendatory act takes effect January  
10 1, 2008 and applies to all business activity occurring after  
11 December 31, 2007.

12           Enacting section 3. This amendatory act does not take effect  
13 unless all of the following bills of the 94th Legislature are  
14 enacted into law:

15           (a) Senate Bill No. 874.

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17           (b) Senate Bill No. 875.

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19           (c) Senate Bill No. 873.

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21           (d) Senate Bill No. 877.

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23           (e) Senate Bill No. 870.