

Legislative Analysis



MBT REPORT TO LEGISLATURE

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Senate Bill 70 (Substitute H-2)

Sponsor: Sen. Nancy Cassis

House Committee: Tax Policy

Senate Committee: Finance

Complete to 9-29-09

A SUMMARY OF SENATE BILL 70 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Revenue Act to require the Department of Treasury to prepare a report containing certain specified statistics related to the Michigan Business Tax Act for the most recent tax year for which reliable return data have been processed and cleared in the ordinary course of return processing by the department. A copy would have to be provided to the chairs of the standing committees in the Senate and House of Representatives with jurisdiction over matters relating to taxation and finance, and to the directors of the Senate and House Fiscal Agencies.

The information would have to be reported each year broken down by business sector and, provided that no grouping contains fewer than ten taxpayers, by firm size. The information would have to be reported in a manner that does not result in the disclosure of information regarding any specific taxpayer. Specifically, the report would contain statistics on:

- Apportioned business income tax base.
- Apportioned modified gross receipts tax base.
- Business income tax liability.
- Use of credits.
- Modified gross receipts tax liability.
- Total final liability.
- Total liability before credits.

An individual who received this information would be prohibited from willfully disclosing that information for any purpose other than the proper administration of legislative duties, but in no event could the information be disclosed to anyone other than an employee of the Legislature, who would also be bound by the same restrictions. A violation would be subject to a civil fine of up to \$5,000 per violation.

Senate Bill 70 is tie-barred to the following three bills, meaning it cannot take effect unless they are also enacted:

Senate Bill 71, which expands the amount of information on job creation and capital investment that must be included in MEGA's annual report to the Legislature. (*This bill is on the House floor.*)

Senate Bill 774, which limits the growth in credits awarded under Section 431 of the Michigan Business Tax Act to approximately \$95 million per year. (*This bill is on the House Floor.*)

House Bill 4922, which increases from 400 to 500 the number of yearly credits that can be entered into for businesses that are not qualified high-technology businesses, distressed businesses, rural businesses, or historic resource businesses. (Note: If a business in this category is awarded a credit for 20 years, that would be considered 20 yearly credits rather than one credit.) The bill also increases from 50 to 75 the number of new written agreements each year for qualified high-technology businesses or rural businesses. Only 35 of those (rather than 25 currently) could be for rural businesses. (*This bill has passed the House and is in the Senate Finance Committee.*)

MCL 205.28

FISCAL IMPACT:

This bill would have no significant State or local fiscal impact. However, there could be increased State costs if additional staffing is necessary.

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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.