

EXTEND MBT BROWNFIELD CREDIT SUNSET

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House Bill 6044

Sponsor: Rep. Ed Clemente

Committee: New Economy and Quality of Life

Complete to 4-19-10

A SUMMARY OF HOUSE BILL 6044 AS REPORTED FROM COMMITTEE

The bill would amend the Michigan Business Tax Act to extend a sunset date from 2010 to 2014 for claiming a credit of up to 20 percent brownfield credit for an investment in an urban development area project (as designated by the board of the Michigan Economic Growth Authority, or MEGA).

[This change would be made in three places, on pages 2, 3, and 4 of the 33-page bill.]

Without this change, the maximum credit available under the MBT would be reduced to 15 percent of the cost of the qualified taxpayer's investment in eligible property as of December 31, 2010. This credit is available on a case-by-case basis for projects that redevelop a contaminated, blighted, or obsolete property.

The term "urban development area project" refers to a project located on eligible property in the downtown or traditional central business district of a qualified local governmental unit or county seat or along a traditional commercial corridor of a qualified local governmental unit or county seat as determined by the Michigan economic growth authority or the chairperson of the Michigan economic growth authority or a designee.

The bill was amended in House committee to specify, regarding brownfield MBT credits, that if the MEDC determined a qualified taxpayer had been convicted of a felony and the conviction materially affects the taxpayer's ability to participate in the project, then the MEDC could not approve the project for that taxpayer.

MCL 208.1437

FISCAL IMPACT:

The fiscal impact of this bill depends on the total number and value of the MBT urban development credits used with the 15 percent limit and with the 20 percent limit for an investment. Currently, MBT brownfield redevelopment credits reduce MBT revenue by an estimated \$78 million.

BACKGROUND INFORMATION:

According to representatives of the Michigan Municipal League, the practice of allowing credits of up to 20 percent on investments in brownfield properties has been very effective in stimulating investment and creating jobs in urban centers.

POSITIONS:

The Department of Treasury indicated support for the bill. (4-13-10)

The Michigan Municipal League indicated support for the bill. (4-13-10)

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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.