

Legislative Analysis



INCOME TAX/MBT CLEANUP AMENDMENTS

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

House Bills 4937-4968

Sponsors: Rep. Jud Gilbert, II (HB 4937-4949)

Rep. Lisa Posthumus Lyons (HB 4950-4952)

Rep. Frank Foster (HB 4953-4954)

Rep. John Walsh (HB 4955-4962)

Rep. Aric Nesbitt (HB 4963-4965, & HB 4968)

Rep. Mark Ouimet (HB 4966)

Rep. Jeff Farrington (HB 4967)

Committee: Tax Policy

Complete to 9-20-11

A PRELIMINARY SUMMARY OF HOUSE BILLS 4937-4968 AS REPORTED FROM COMMITTEE ON 9-14-11

These bills are described by the Department of Treasury as follow-up or clean-up bills to the recently enacted comprehensive changes to the state Income Tax Act. Those changes, which take effect January 1, 2012, include the creation of a new Corporate Income Tax to replace the Michigan Business Tax. Each of the bills addresses a single section of the Income Tax Act, except for House Bill 4947, which amends the Michigan Business Tax Act. (There is a similar package of bills in the Senate -- Senate Bills 650-681.)

The various amendments are said to be aimed at "clarifying" certain existing provisions, including the definition of key terms. As such, the bills are intended to aid in the implementation of newly enacted tax legislation rather than make substantive changes.

Only one bill is considered to have a fiscal impact—House Bill 4967. That bill would add a Section 673 to the Income Tax Act so that the new Corporate Income Tax will contain a provision that allows the recapture of part or all of certain tax credits if the taxpayer that claimed the credit failed to satisfy the conditions of the credit. The credits to be recaptured are those awarded under the old Single Business Tax or the more recent Michigan Business Tax. The recaptured amounts would be added back to taxpayer's income tax liability.

FISCAL IMPACT:

House Bill 4967 would increase corporate income tax revenue by an estimated \$15 million to \$20 million on an annual basis. All of this increase would go to the General Fund/General Purpose.

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross

■ 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.