



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 342 (Substitute S-5 as reported by the Committee of the Whole)
Sponsor: Senator William VanRegenmorter
Committee: Finance

CONTENT

The bill would amend the Single Business Tax (SBT) Act to alter the calculation of the SBT for multistate firms, by increasing the sales apportionment factor to 100% and eliminating the property and payroll factors after 1999.

Currently, under the Act, the tax base of a taxpayer is apportioned to Michigan by using 25% of property, 25% of payroll, and 50% of sales. The bill would change the apportionment factors in the following way: A taxpayer's tax base would have to be apportioned to the State by multiplying the tax base by the sum of 20% of the property factor, 20% of the payroll factor, and 60% of the sales factor, for tax year 1996; by the sum of 15% property, 15% payroll, and 70% sales, for 1997; by the sum of 10% property, 10% payroll, and 80% sales, for 1998; and by the sum of 5% property, 5% payroll, and 90% of the sales for 1999. After 1999, all of the tax base would have to be apportioned to the State by multiplying the tax base by the sales factor.

The bill is tie-barred to Senate Bill 545, which would amend the SBT Act to make changes in the capitol acquisition deduction and the small business credit.

MCL 208.45

Legislative Analyst: G. Towne

FISCAL IMPACT

Please see Senate Fiscal Agency memorandum of June 7, 1995.

Date Completed: 6-8-95

Fiscal Analyst: J. Wortley

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