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BILL



ANALYSIS

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Senate Bill 351 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Joanne Emmons
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would create the "Michigan Economic Growth Authority Act" and establish an eight-member Michigan Economic Growth Authority (MEGA) within the Michigan Jobs Commission to determine which businesses would be eligible to receive single business tax (SBT) credits under Senate Bill 350 (S-2) based on the number of new jobs they created. Specifically, the bill would:

- Allow an eligible business to apply to MEGA for determination as a authorized business if it created a minimum of 75 qualified new jobs if it were expanding in this State, or 150 qualified new jobs if it were locating in this State, within 12 months of opening the facility.
- Specify additional criteria that an eligible business would have to meet to qualify for an SBT credit, such as maintaining a minimum number of qualified new jobs and total jobs and paying an average wage for all qualified new jobs that equaled or exceeded 150% of the Federal minimum wage.
- Require a cost/benefit analysis to show that authorizing the eligible company to receive tax credits would result in an overall positive fiscal effect on the State.
- Require MEGA to determine the amount and duration, up to 20 years, of the tax credit to be authorized, and specify the criteria on which the determination would be based, e.g., the number of qualified new jobs to be created, the average wage level of the qualified new jobs created relative to the average wage paid by private entities in the county in which the facility was located, and the total capital investment the eligible business would make.
- Specify the contents of the written agreement between an eligible business and MEGA that would stipulate the conditions under which the tax credits were authoized and under which they could be reduced or terminated.
- Limit MEGA to a maximum of 25 written agreements per year.
- Specify the composition, duties, and powers of MEGA and require it to report annually to the Legislature on its activities and provide a listing of all authorized businesses.
- Allow MEGA to charge a processing fee of up to \$500 per application for authorized business designation.
- Specify that MEGA would be subject to the Open Meetings Act and that financial or proprietary information that was included on an application for a tax credit, and that was acknowledged by MEGA to be confidential, would not be subject to the disclosure requirements of the Freedom of Information Act.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

Please see **FISCAL IMPACT** on Senate Bill 350.

Date Completed: 3-14-95

Fiscal Analyst: J. Wortley
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