



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 924 (Substitute S-2 as reported)

Sponsor: Senator Bill Schuette

Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Single Business Tax Act to allow a qualified taxpayer, for tax years beginning after December 31, 1996, to claim 1) a credit against the single business tax equal to 150% of the cost of eligible investment paid or accrued by the qualified taxpayer in the tax year, and 2) a credit equal to the effective tax rate as determined by the Department of Treasury using the most recently available tax year data multiplied by the payroll of qualified employees of the qualified taxpayer.

The proposed credits would have to be calculated after application of all other credits allowed under the Act. The amount of eligible investment available, but not used, to calculate a credit equal to 150% of the cost of eligible investment, and the amount of the credit equal to the effective tax rate that was not used, for a tax year could be carried forward and used to calculate credits in subsequent years.

The bill would require the Brownfield Redevelopment Board (proposed by Senate Bill 919), after public hearings, to develop a list of eligible property for purposes of the tax credit that would be equal to the effective tax rate. The board could not include property on this list without the agreement of the local governmental unit or units in which the property was located. The Board would have to approve a work plan for response activity for each property on the list and would have to issue a certificate when the work plan was completed to a qualified taxpayer who requested a certificate for purposes of qualifying for the credit that would be equal to the effective tax rate.

Proposed MCL 208.38d

Legislative Analyst: L. Burghardt

FISCAL IMPACT

At this time, it is not possible to estimate the loss in State revenue due to the credits proposed in this bill with any degree of confidence because it is not known 1) how many eligible properties there would be, 2) the cost of restoring, constructing, renovating and/or improving buildings on the eligible properties, 3) the cost of machinery, equipment, furniture or fixtures to be used in these buildings, 4) the cost of response activity, or 5) the amount of the payroll that would be paid to workers on these properties once they had been improved.

Date Completed: 5-21-96

Fiscal Analyst: J. Wortley

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