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BILL



ANALYSIS

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House Bill 5190 (Substitute H-2 as passed by the House)  
Sponsor: Representative Eric Bush  
House Committee: Tax Policy

## **CONTENT**

The bill would amend the Single Business Tax (SBT) Act to allow a credit against the SBT to the extent and for the duration provided in the Michigan Renaissance Zone Act, equal to the tax liability attributable to business activity conducted within a renaissance zone in a tax year beginning after 1996. The credit would continue through the tax year in which the renaissance zone designation expired. The credit could not exceed the taxpayer's liability for the tax year. Any portion of a taxpayer's tax liability that was attributable to illegal activity conducted in the zone could not be used to calculate a credit under the bill.

A taxpayer that claimed a credit under the bill could not employ, pay a speaker fee to, or provide any consideration to anyone employed by the State, the State Administrative Board, or the Renaissance Zone Review Board, whose employment related in any way to the authorization or enforcement of the proposed SBT credit for any year in which the taxpayer claimed a credit and for the three years after the last year that a credit was claimed.

"Tax liability attributable to business activity conducted within a renaissance zone" would mean the taxpayer's tax liability multiplied by a fraction whose numerator was the ratio of the average value of the taxpayer's property located in a designated renaissance zone to the average value of all of the taxpayer's property in this State plus the ratio of the taxpayer's payroll for services performed in a designated zone to all of the taxpayer's payroll in this State, and whose denominator was two.

Proposed MCL 208.39b

Legislative Analyst: S. Margules

## **FISCAL IMPACT**

House Bills 5190 (H-2) to 5198 (H-2) would have a fiscal impact on State and local governments; however, it is not possible to provide a meaningful estimate of the impact. In order to calculate the fiscal impact of these bills, estimates would have to be made on such important factors as 1) where the renaissance zones would be located, 2) the number of businesses that would participate and the value of their operations, and 3) how much of the business activity that took place in a renaissance zone would represent new activity that would not have occurred anywhere in Michigan without the creation of renaissance zones. There is not enough information available to make these estimates.

Date Completed: 12-4-96

Fiscal Analyst: J. Wortley

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