

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5389 (as passed by the House)
Sponsor: Representative Jim Howell
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 3-3-00

CONTENT

The bill would amend the Income Tax Act to reduce the income tax rate by .1% in calendar year 2000, by providing that the State income tax rate would be 4.2% from January 1, 2000, to January 1, 2002. The bill would repeal a provision that sets the income tax rate at 4.3% in 2000.

Currently, the Act provides that the income tax rate is 4.3% in 2000, and will be 4.2% in 2001; 4.1% in 2002; 4.0% in 2003; and 3.9% in 2004 and thereafter.

MCL 206.51c

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would reduce income tax revenue an estimated \$134.7 million in FY 1999-2000 and \$46.9 million in FY 2000-01. All of this tax reduction would affect General Fund/General Purpose revenue.

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.