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

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 480 (as introduced 5-17-01)
Sponsor: Senator Shirley Johnson
Committee: Health Policy

Date Completed: 10-30-01

CONTENT

The bill would amend the Single Business Tax Act to remove from a taxpayer's tax base payments under health and welfare and noninsured benefit plans, and payments of fees for the administration of health and welfare and noninsured benefit plans. This would apply for tax years beginning after December 31, 2001.

MCL 208.4

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would reduce State General Fund revenues by approximately \$63.6 million in FY 2001-02 and \$83.9 million in FY 2002-03, according to estimates from the Department of Treasury. Nationally, business health benefits costs for private industries averaged approximately 5.6% of total compensation costs in March 2001, the latest survey data available. Compensation comprises a large part of the single business tax (SBT) base. However, because of the multiple calculation methods available to SBT payers, detailed information, which is not available to the Senate Fiscal Agency, is necessary to determine the effect of reducing compensation costs upon SBT revenues. For example, taxpayers using the SBT short form or the Gross Receipts Reduction or the Alternate Tax methods of computing their SBT liability would see no change as a result of the bill.

Fiscal Analyst: D. Zin

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