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**BILL ANALYSIS**

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Senate Bill 221 (Substitute S-1 as reported)  
Sponsor: Senator Michelle A. McManus  
Committee: Agriculture, Forestry and Tourism

**CONTENT**

The bill would amend the Income Tax Act to allow a taxpayer to claim a nonrefundable \$250 credit against the tax in the tax year during which a cellular tower was placed on property owned by the taxpayer and located in a county with a population of 70,000 or less, for tax years beginning after December 31, 2005. "Cellular tower" would mean a tower or antenna constructed for, or an existing facility that has been adapted for, the location of transmission or related equipment to be used in the provision of cellular telecommunications services, personal communications services, or mobile telecommunications services.

Proposed MCL 206.262

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would have no effect on local unit revenue or expenditures but would reduce both General Fund and School Aid Fund (SAF) revenue. According to data on antennas registered with the Federal Communications Commission (FCC), approximately 150 new antennas are constructed in Michigan each year. Of the antennas constructed in 2004, approximately 30% were located in counties with a population of 70,000 or less.

The bill's effect on the construction of new towers is unknown and likely to be negligible, particularly because the credit would not be available to many of the entities involved in the process of placing a tower and, compared with the average cost of a tower, the credit represents a negligible amount. Regardless of the bill's effects on construction, the expected fiscal impact is also minimal. Given an average of 50 antennas per year, the ongoing cost would reduce General Fund revenue by approximately \$10,000 per year and SAF revenue by approximately \$2,500 per year.

If the taxpayer also were subject to the single business tax, the proposed credit would also be in addition to the investment tax credit. Furthermore, if the characteristics of the equipment were sufficient, the credit under the bill would be in addition to any credits allowed under Public Acts 48 and 50 of 2002.

The bill's fiscal impact could be larger than estimated due to the breadth of some of the terms in the bill. The bill would not limit the credit to towers required to register with the FCC or require that towers actually be used or functional. Thus, the credit could be claimed for placements that have little or no practical function. Conversely, the bill could have a smaller impact because the analysis above essentially assumes each tower is placed by a different taxpayer. However, the bill would allow a \$250 credit only if a tower were placed—not a \$250 credit *per tower*. To the extent that most towers are placed in a limited number of locations but may have multiple antennas, a taxpayer might place 10 antennas on a structure in a year but could claim only one \$250 credit.

Date Completed: 5-20-05

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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