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Senate Bill 1242 (as reported without amendment)  
Sponsor: Senator Mark C. Jansen  
Committee: Finance

### **CONTENT**

The bill would amend the Michigan Business Tax (MBT) Act to decrease the MBT surcharge over three years and then eliminate it.

In addition to the taxes imposed under the Act, an annual surcharge is levied on each taxpayer equal to a percentage of the taxpayer's tax liability under the Act after allocation or apportionment to this State but before calculation of various credits. The surcharge does not apply to a person subject to the tax under Chapter 2A (an insurance company) or a person subject to the tax under Chapter 2B (a financial institution) that is authorized to exercise only trust powers.

For each taxpayer other than a person subject to the tax under Chapter 2B, the surcharge is equal to 21.99% of the taxpayer's liability. The amount of the surcharge levied on any taxpayer may not exceed \$6.0 million for any single tax year. For a person subject to the tax under Chapter 2B, the percentage is equal to 27.7% for the tax year ending during 2008, and 23.4% for tax years ending after 2008.

Under the bill, the surcharge would be equal to the percentage of the taxpayer's tax liability shown in the following table.

| Tax Year Ending<br>During | Taxpayer not subject to<br>tax under Chapter 2B | Taxpayer subject to tax<br>under Chapter 2B |
|---------------------------|---|---|
| 2008                      | 21.99%  | 27.7%                                       |
| 2009                      | 14.66%  | 18.47%                                      |
| 2010                      | 7.33%   | 9.24%                                       |

MCL 208.1281

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

This bill would reduce Michigan business tax revenue an estimated \$119.5 million in FY 2008-09, \$333.3 million in FY 2009-10, \$555.8 million in FY 2010-11, and \$660.2 million in FY 2011-12. All of this loss in Michigan business tax revenue would reduce the General Fund. The bill would not have a direct impact on local government.

Date Completed: 10-1-08

Fiscal Analyst: Jay Wortley

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

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.