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House Bill 6238 (Substitute H-1 as reported without amendment)

Sponsor: Representative Ed Clemente

House Committee: New Economy and Quality of Life

Senate Committee: Commerce and Tourism

## **CONTENT**

The bill would amend the Michigan Business Tax (MBT) Act to do all of the following:

- Allow an anchor company MBT credit for a percentage of the taxable value of each qualified supplier's and qualified customer's taxable property located within a 10-mile radius of the anchor company, to be based upon each of the qualified supplier's and qualified customer's taxable value.
- Require an anchor company MBT credit based on a qualified supplier's or qualified customer's taxable property subject to the specific tax under the plant rehabilitation and industrial development Act (commonly called PA 198), to be based on property located within a 10-mile radius of the anchor company.
- Specify that an anchor company MBT credit based on the property tax or PA 198 tax of a qualified supplier or qualified customer could not be provided for a tax year before the tax year during which the company was designated as an anchor company, rather than for a year before the tax year during which the company was certified as a qualified taxpayer.
- Allow the Michigan Economic Growth Authority (MEGA) to provide that qualified sales to a qualified customer would not be considered in calculating the sales factor under the MBT Act for the tax year for which an anchor company MBT credit based on a qualified supplier's or qualified customer's property tax or PA 198 tax was provided.
- Require the tax credit certificate attached to the anchor company's annual MBT return to include the amount of the qualified sales to a qualified customer.
- Allow an anchor company MBT credit based on a qualified supplier's or qualified customer's property tax or PA 198 tax to be taken after all other allowable nonrefundable credits under the MBT Act.
- Define "qualified supplier" and "qualified customer", rather than "qualified supplier or customer", and revise the current definition.

The bill would be effective for tax years beginning after December 31, 2008.

MCL 208.1431c

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill would have a negative impact on Michigan business tax revenue; however, not enough information is available to be able to provide a meaningful estimate of the amount of the revenue loss. Any loss in Michigan business tax revenue would reduce General Fund revenue. The bill would not have any direct impact on local government.

Date Completed: 9-24-08

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.