

SENATE BILL No. 1276

April 21, 2010, Introduced by Senator THOMAS and referred to the Committee on Appropriations.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 601 (MCL 208.1601), as amended by 2007 PA 145.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 601. (1) For the 2008 fiscal year, except as otherwise
2 provided under subsection (4), if total net cash payments from the
3 tax imposed under this act plus any net cash payments from former
4 1975 PA 228 less any net cash payments made by insurance companies
5 under either act exceed the fiscal year 2008 base, 60% of that
6 excess shall be refunded in the immediately succeeding fiscal year
7 as provided in subsection (5) and the remaining 40% shall be
8 deposited into the countercyclical budget and economic
9 stabilization fund created in section 351 of the management and
10 budget act, 1984 PA 431, MCL 18.1351. To calculate the fiscal year

1 2008 base, multiply \$2,619,100,000.00 by 1.0075 and then multiply
2 this product by the United States consumer price index for fiscal
3 year 2008 and then divide this product by the United States
4 consumer price index for fiscal year 2007.

5 (2) For the 2009 fiscal year, except as otherwise provided
6 under subsection (4), if total net cash payments from the tax
7 imposed under this act, excluding any revenue collected pursuant to
8 chapter 2A, exceed the fiscal year 2009 base, 60% of that excess
9 shall be refunded in the immediately succeeding fiscal year as
10 provided in subsection (5) and the remaining 40% shall be deposited
11 into the countercyclical budget and economic stabilization fund
12 created in section 351 of the management and budget act, 1984 PA
13 431, MCL 18.1351. To calculate the fiscal year 2009 base, multiply
14 \$3,051,500,000.00 by 1.015 and then multiply this product by the
15 United States consumer price index for fiscal year 2009 and then
16 divide this product by the United States consumer price index for
17 fiscal year 2007.

18 (3) For the 2010 fiscal year and each fiscal year after 2010,
19 except as otherwise provided under subsection (4), if total net
20 cash payments from the tax imposed under this act, excluding any
21 revenue collected pursuant to chapter 2A, exceed the fiscal year
22 base, 60% of that excess shall be refunded in the immediately
23 succeeding fiscal year as provided in subsection (5) and the
24 remaining 40% shall be deposited into the countercyclical budget
25 and economic stabilization fund created in section 351 of the
26 management and budget act, 1984 PA 431, MCL 18.1351. To calculate
27 the fiscal year base, multiply the fiscal year base for the

1 immediately preceding fiscal year by 1.0075 and then multiply this
2 product by the United States consumer price index for the fiscal
3 year and divide this product by the United States consumer price
4 index for the immediately preceding fiscal year.

5 (4) If the amount of the total net cash payments collected
6 from the tax imposed under this act, excluding any revenue
7 collected pursuant to chapter 2A, exceeds the amount described in
8 the applicable subsection by less than \$5,000,000.00, then all of
9 that excess shall be deposited into the countercyclical budget and
10 economic stabilization fund created in section 351 of the
11 management and budget act, 1984 PA 431, MCL 18.1351.

12 (5) For the 2008 fiscal year, the refund available under
13 subsection (1) shall be applied pro rata to the taxpayers that made
14 positive net cash payments during the fiscal year. The taxpayer's
15 pro rata share shall be the total amount to be refunded under
16 subsection (1) multiplied by a fraction the numerator of which is
17 the positive net payments made by the taxpayer during the fiscal
18 year and the denominator of which is the sum of the positive net
19 cash payments made by all taxpayers during the fiscal year. For
20 each fiscal year after the 2008 fiscal year, the refund available
21 under subsection (2) or (3) shall be applied pro rata to the
22 taxpayers that claimed 1 or more credits under section 403 or 405
23 during the immediately preceding fiscal year. The taxpayer's pro
24 rata share shall be the total amount to be refunded under
25 subsection (2) or (3) multiplied by a fraction the numerator of
26 which is the credits claimed under sections 403 and 405 by the
27 taxpayer during the immediately preceding fiscal year and the

denominator of which is the sum of the credits claimed under sections 403 and 405 by all taxpayers during the immediately preceding fiscal year.

(6) As used in this section:

(a) "Fiscal year" means the state fiscal year that commences ~~October~~**JULY** 1 and continues through ~~September~~**JUNE** 30.

(b) "Net cash payments" for the fiscal year are equal to cash annual and estimated payments made during the fiscal year less refunds paid during the fiscal year. Refunds paid under this section are not used to reduce net cash payments for purposes of calculating refunds paid out under this section.

(c) "United States consumer price index" means the United States consumer price index for all urban consumers as defined and reported by the United States department of labor, bureau of labor statistics.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 1281

of the 95th Legislature is enacted into law.