



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

## BILL ANALYSIS



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Senate Bill 195 (Substitute S-1 as reported)

Sponsor: Senator Aric Nesbitt

Committee: Finance

**CONTENT**

The bill would amend the Income Tax Act to prescribe a formula that would apply, beginning with the 2021 year, for determining a person's Federal taxable income under the corporate income tax and for applying the business interest expense limitation under Federal tax, if the person were included in a unitary business group

MCL 206.691

Legislative Analyst: Jeff Mann

**FISCAL IMPACT**

The bill would reduce State General Fund revenue by approximately \$10.0 million per year, according to the Michigan Department of Treasury. The estimate is based on Federal data, but because there are differences between Federal and State rules and statute as to which members are included in unitary business groups, the estimate has a relatively large margin of error. The inclusion or exclusion of certain members relative to current law could reduce or increase tax liabilities, depending on the specific circumstances of the group members. The bill would affect only Corporate Income Tax revenue.

Date Completed: 2-22-22

Fiscal Analyst: David Zin