



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



Telephone: (517) 373-5383  
Fax: (517) 373-1986

House Bill 5546 (as passed by the House)  
Sponsor: Representative Will Snyder  
House Committee: Regulatory Reform  
Senate Committee: Finance, Insurance, and Consumer Protection (discharged)  
Appropriations

Date Completed: 12-3-24

### **CONTENT**

The bill would amend the Income Tax Act to create tax credits under both the Individual Income Tax and the Corporate Income Tax (CIT) for distributors who originate beverage container deposits. Specifically, for tax years beginning on and after January 1, 2024, taxpayers who are distributors who originate a deposit on a beverage container could claim a refundable credit equal to \$0.005 per returnable container sold during the tax year. Beginning with the 2025 tax year, the amount of the credit would have to be adjusted each year by the percentage increase in the United States Consumer Price Index during the immediately preceding calendar year.

The bill would define "beverage container", "distributor", and "returnable container" as those terms are defined in Initiated Law 1 of 1976 (the bottle deposit law).

(Under the bottle deposit law, distributors who sell to a dealer a nonrefillable container that contains a beverage, not including beer, ale, or other malt drink of whatever alcoholic content, or a mixed wine drink or mixed spirit drink, must originate a 10-cent deposit on that container at the time of sale to the dealer.

The law defines beverage container as an airtight metal, glass, paper, or plastic container, or a container composed of a combination of these materials, which, at the time of sale, contains one gallon or less of a beverage. Distributor means a person who sells beverages in beverage containers to a dealer within the State and includes a manufacturer who engages in such sales. Returnable container means a beverage container upon which a deposit of at least 10 cents has been paid, or is required to be paid upon the removal of the container from the sale or consumption area, and for which a refund of at least 10 cents in cash is payable by every dealer or distributor in the State of that beverage in beverage container.)

If a distributor claiming a credit against the individual income tax were a partnership, limited liability company, or subchapter S corporation, the credit could be claimed against a partner's, member's, or shareholder's liability under the Individual Income Tax, based on the partner's, member's, or shareholder's proportionate share of ownership.

MCL 206.279 & 206.679

## **FISCAL IMPACT**

Beginning in fiscal year 2024-25, the bill would reduce State General Fund revenue from the Individual Income Tax and the CIT by approximately \$20.0 million per year. In future years, as inflation increased over time, the loss of General Fund revenue would grow. Given current revenue estimates, the portion of the credit claimed against the CIT likely would not affect the conditional distributions of CIT revenue to the Michigan Housing and Community Development Fund, the Revitalization and Placemaking Fund, and the Strategic Outreach and Attraction Reserve Fund.

Fiscal Analyst: David Zin

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