



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

BILL ANALYSIS



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

House Bill 4760 (Substitute S-1 as reported)
Sponsor: Representative Vicki Barnett
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the revenue Act to require the Department of Treasury, beginning January 1, 2014, to pay additional interest on Michigan Business Tax (MBT) refunds that were not paid within 90 days after a claim was approved or 90 days after the date established by law for filing a return, whichever was later, if all of the following conditions were met:

- The refund was claimed on an original return that was timely filed under the MBT Act.
- The refund was not adjusted by the Department.
- The refund was not claimed by a taxpayer filing as a unitary business group.
- The refund was complete for processing purposes with no calculation errors and contained all required information.
- The taxpayer had complied with the Department's request, if any, for additional documentation or information within 30 days of that request.
- No portion of the refund was subject to interception.
- The amount to be refunded was more than \$10.
- Except for audit by the Department, the refund was not subject to Section 27a(3) or (4) of the revenue Act (which provides for the suspension of the four-year period for a taxpayer to claim a refund, under certain circumstances).

The additional interest would have to be paid at a rate of 3% per annum for each day an MBT refund was not issued within the proposed 90-day time frame

MCL 205.30

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce General Fund revenue by an unknown amount. Based on the January 2014 Consensus estimates, the State is expected to pay \$505.0 million in certificated credits under the Michigan Business Tax. Other refunds are also possible for a variety of reasons. While the number of refunds affected by the bill is unknown, as are the relevant refund amounts, a full year of additional interest would reduce General Fund revenue by \$7.6 million if the bill affected half of the certificated credits.

Date Completed: 1-21-14

Fiscal Analyst: David Zin