

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1300 (as introduced 5-30-00)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

Date Completed: 9-22-00

CONTENT

The bill would amend the Single Business Tax (SBT) Act to provide that gross receipts would not include amounts received by an advertising agency to acquire advertising media time, space, or talent on behalf of another person.

Further, the bill contains the following statement:

This amendatory act is curative and intended to correct any misinterpretation by the department of treasury of legislative intent that an advertising agency's collection and remittance of amounts for advertising media time, space, and talent on behalf of another person is not a sale and should not be included in gross receipts under section 7 of the single business tax act, 1975 PA 228, MCL 208.7. This amendatory act is retroactive and applies to all disputes pending in any court on the effective date of this amendatory act.

Under the Act, a firm must determine its annual gross receipts (the sum of its sales receipts and its rental or lease receipts) in order to calculate its adjusted tax base, upon which the SBT is levied.

MCL 208.7

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would reduce single business tax revenue an estimated \$6.3 million in FY 2000-01. Of this amount, approximately \$5.1 million would be refunded to taxpayers due to the retroactive provisions in this bill, and \$1.2 million would be due to reduced liabilities based on business activity in FY 2000-01. In subsequent years, this bill would reduce single business tax revenue about \$1.0 million per year. All of this loss in revenue would affect the General Fund/General Purpose budget. This is a preliminary estimate and will be revised when more information is received from the Department of Treasury.

Fiscal Analyst: J. Wortley
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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.