

**MEGA RENEWAL & AMENDMENTS**

**House Bill 5242**  
**Sponsor: Rep. Tupac Hunter**

**House Bill 5246**  
**Sponsor: Rep. David Farhat**

**House Bill 5248**  
**Sponsor: Rep. Joe Hune**

**House Bill 5255**  
**Sponsor: Rep. Daniel J. Acciavatti**

**Committee: Commerce**

**Complete to 11-10-03**

**A SUMMARY OF HOUSE BILLS 5242, 5246, 5248, AND 5255 AS INTRODUCED 11-4-03**

House Bills 5242, 5246, and 5248 would amend the Single Business Tax Act (MCL 208.37c, 208.38g and 208.37d, respectively) so that new SBT credits will continue to be available under the Michigan Economic Growth Authority or MEGA program until December 31, 2009. Otherwise, the ability to grant new SBT credits would end on December 31, 2003. House Bills 5246 and 5248 are tie-barred to House Bill 5255.

[According to information from the Michigan Economic Development Corporation, the MEGA program provides three kinds of SBT credits: regular credits for in-state companies or companies relocating to this state that create a specified number of new jobs – 75 for in-state companies and 150 for relocating companies; retention credits to prevent large employers from relocating production out of state, with the companies to provide at least \$250 million in new production and retain at least 500 in-state jobs; and high-tech credits for companies devoting at least 25 percent of their total operating expenses to research and development and creating a specified number of jobs – five within the first year and 25 within five years. The credits are not automatic; they are awarded by either the MEGA or the Department of Treasury, depending on the size of the credit.]

House Bill 5255 would amend the Michigan Economic Growth Authority Act (MCL 207.804 et al.) to do the following: increase the MEGA board from eight to ten members, with the governor to appoint one member from one or more nominees made by the Speaker of the House of Representatives and one member from one or more nominees made by the Senate Majority Leader; require that one or both of those legislatively selected members be present for there to be a quorum of the board; specify that there could not be a majority vote of the board unless one or both of those members was part of the majority; require all of the governors six appointees to the board to be subject to the advice and consent of the Senate; eliminate the ability of MEGA to promulgate rules to administer its act; and update the language of the act to put

MEGA within the Department of Labor and Economic Growth, and to make the director of that department the chairperson of the MEGA board. The bill also would require that authorized businesses (that is, businesses granted tax credits by MEGA) make a good faith effort to use Michigan-based suppliers and vendors when purchasing goods and services; and would require that the annual report by MEGA to the legislature contain not only the name and location of all authorized businesses, but also the names and addresses of the directors and officers, if the business was a corporation, of the partners if the business was a partnership or limited liability partnership, and of the members, if the business was a limited liability company.

House Bills 5242 and 5246 would also each amend a different section of the Single Business Tax (208.37c and 208.38g, respectively) to require the Department of Treasury to audit each taxpayer receiving a MEGA SBT credit each year to verify that the actual number of new jobs created is the same as the number of new jobs used to calculate the credit under this section claimed for the tax year.

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.