

Legislative Analysis



GROSS RECEIPTS EXEMPTION: TOBACCO TAX RECEIPTS

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House Bill 6010
Sponsor: Rep. Michael Sak
Committee: Tax Policy

Complete to 6-3-08

A SUMMARY OF HOUSE BILL 6010 AS INTRODUCED 4-24-08

Under the new Michigan Business Tax, generally speaking, firms are subject to a tax of 0.8% on a firm's modified gross receipts, and a tax at a rate of 4.95% on business income after allocation and apportionment. There is also a surcharge imposed on top of the standard MBT calculation of 21.99 percent for most firms and of 27.7 percent for financial institutions (falling to 23.4 percent in 2009).

House Bill 6010 would amend the MBT Act to exclude from the tax base of the gross receipts portion of the MBT the amount received by a firm that is attributable to the amount levied and remitted to the Department of Treasury under the Tobacco Products Tax Act.

The bill would be effective retroactive to January 1, 2008.

MCL 208.1111

FISCAL IMPACT:

According to the Department of Treasury, this bill would reduce General Fund/General Purpose revenue by an estimate \$16.5 million. This bill would have no direct fiscal impact on local governments.

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Fiscal Analyst: Rebecca Ross

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