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BILL ANALYSIS

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Senate Bill 928 (Substitute S-1 as reported) *(as enacted)*  
 Senate Bills 929, 930, and 931 (as reported without amendment) *(as enacted)*  
 Senate Bill 932 (Substitute S-1 as reported) *(as enacted)*  
 Senate Bills 933 through 942 (as reported without amendment) *(as enacted)*  
 Sponsor: Senator Dennis Olshove (S.B. 928)  
           Senator Jim Barcia (S.B. 929)  
           Senator Judson Gilbert, II (S.B. 930)  
           Senator Michelle A. McManus (S.B. 931)  
           Senator Patricia L. Birkholz (S.B. 932)  
           Senator Tony Stamas (S.B. 933)  
           Senator Tupac A. Hunter (S.B. 934)  
           Senator John Pappageorge (S.B. 935)  
           Senator Alan Sanborn (S.B. 936)  
           Senator Tom George (S.B. 937)  
           Senator Mark C. Jansen (S.B. 938)  
           Senator Randy Richardville (S.B. 939)  
           Senator Cameron S. Brown (S.B. 940)  
           Senator Roger Kahn, M.D. (S.B. 941)  
           Senator Nancy Cassis (S.B. 942)

Committee: Finance

## **CONTENT**

The bills would amend various statutes to do the following:

- Require the Governor to report to the Legislature certain information compiled under the Michigan Business Tax (MBT) Act, instead of under the Single Business Tax (SBT) Act.
- Include references to the MBT Act in provisions that refer to the SBT Act.
- Replace references to the SBT Act with references to the MBT Act.
- Replace references to a section of the SBT Act with references to the State Revenue Sharing Act.
- Replace references to a "successor tax to the single business tax act" with references to the MBT Act.

(The SBT Act will be repealed on December 31, 2007, and the MBT Act will take effect on January 1, 2008.)

Senate Bill 928 (S-1) would amend Public Act 72 of 1979, which requires the Governor to report with the annual budget message to the Legislature, certain information compiled under the SBT Act, including the amount of capital investment write off for real and personal property separately by size of final liability, the amount of business loss by size of final liability of taxpayer, and the number of taxpayers filing certain exemptions under the SBT Act and the amount of tax forgone.

Under the bill, the Governor would have to report this information for fiscal years ending before January 1, 2008. For fiscal years beginning on and after January 1, 2008, the Governor would have to report the following compiled under the MBT Act:

- Amount of capital investment write-off for real and personal property separately by size of final liability of taxpayer.
- Amount of business loss by size of final liability of taxpayer.
- Amount of carryforward loss of final liability of taxpayer.
- Number of taxpayers claiming exemptions under specified sections of the MBT Act and the amount of tax forgone.
- Other deductions or credits as provided by law.

Senate Bill 929 would amend the Fourth Class City Act to refer to a section of the State Revenue Sharing Act instead of a section the SBT Act.

Senate Bill 930 would amend the definition of "gross receipts" in Public Act 180 of 1991, which pertains to the development of stadia and convention facilities. Currently, "gross receipts" means that term as defined in the SBT Act. Under the bill, "gross receipts" would mean that term as defined in either the SBT Act or the MBT Act.

Senate Bill 931 would amend the Michigan Early Stage Venture Investment Act to replace references to "a successor tax to the single business tax act" with a reference to the MBT Act, replace references to the SBT Act with references to the MBT Act, and refer to the MBT Act as well as the SBT Act in various provisions.

Senate Bill 932 (S-1) would amend the Natural Resources and Environmental Protection Act to include references to the MBT Act in provisions that refer to the SBT Act.

The bill also specifies that the Department of Treasury would be the administrator of the Freshwater Protection Fund for auditing purposes.

Senate Bill 933 would amend Public Act 198 of 1974, the plant rehabilitation and industrial development Act, to define "qualified start-up business" as that term is defined in the MBT Act or the SBT Act. The current definition refers only to the SBT Act.

Senate Bill 934 would amend the City Utility Users Tax Act to include references to the MBT Act in provisions that refer to the SBT Act.

Senate Bill 935 would amend Public Act 105 of 1855, which pertains to surplus funds in the State Treasury, to refer to a definition in the MBT Act instead of in the SBT Act.

Senate Bill 936 would amend the Brownfield Redevelopment Financing Act to include references to the MBT Act in provisions that refer to the SBT Act.

Senate Bill 937 would amend the definition of "business firm" under the Neighborhood Assistance and Participation Act. Currently, the term means a sole proprietorship, partnership, or corporation authorized to do business in this State and subject to tax under either the SBT Act or a section of the Insurance Code. The bill would replace the reference to the Insurance Code with a reference to the MBT Act.

Senate Bill 938 would amend the Emergency Municipal Loan Act to delete provisions pertaining to the calculation of "local tax base growth rate" and "statewide tax base growth rate" for the years 1974 and 1975 based on statewide equalized valuation for inventory reported under the SBT Act.

Senate Bill 939 would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act to replace a reference to the SBT Act with a reference to the MBT Act.

Senate Bill 940 would amend the Public Service Commission law to delete a reference to the SBT Act.

Senate Bill 941 would amend the Hospital Finance Authority Act to replace a reference to a section the SBT Act with a reference to the State Revenue Sharing Act.

Senate Bill 942 would amend the Business Corporation Act to include references to the MBT Act in provisions that refer to the SBT Act.

MCL 21.273 (S.B. 928)  
110.20 (S.B. 929)  
207.751 (S.B. 930)  
125.2247 et al. (S.B. 931)  
324.8716 et al. (S.B. 932)  
207.561 (S.B. 933)  
141.1155 (S.B. 934)  
21.142a (S.B. 935)  
125.2652 (S.B. 936)  
125.803 (S.B. 937)  
141.931 (S.B. 938)  
445.1652 (S.B. 939)  
460.10o (S.B. 940)  
331.4 (S.B. 941)  
450.1911 & 450.2062 (S.B. 942)

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

The bills would update the statutes described above with appropriate references to the new Michigan business tax and, in some cases, also would update various Michigan Compiled Law references. These proposed changes are "technical" in nature and therefore the bills would have no fiscal impact on State or local government.

Date Completed: 12-5-07

Fiscal Analyst: Jay 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.