



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1020 (as reported without amendment)
Sponsor: Senator Tupac A. Hunter
Committee: Finance

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to allow a qualified financial institution or taxpayer, for the 2008 tax year and each subsequent tax year, to claim a credit against the MBT equal to 75% of the contributions made by the qualified financial institution or by the taxpayer in the tax year to the reserve fund of a fiduciary organization pursuant to the Individual or Family Development Account Program Act.

If the credit for the tax year and any unused carryforward of the credit exceeded the tax liability of the qualified financial institution or taxpayer for the tax year, the excess could not be refunded, but could be carried forward as an offset to the tax liability in subsequent tax years for 10 years or until the excess credit was used up, whichever came first.

The credits under the bill and Section 276 of the Income Tax Act could not exceed an annual cumulative maximum amount of \$1 million. The determination of the maximum would have to be made as provided in the Individual or Family Development Account Program Act. (Under Section 276, a taxpayer who is not an account holder may claim a credit against the income tax equal to 75% of the contributions made in the tax year by the taxpayer to the reserve fund of a fiduciary organization pursuant to the Individual or Family Development Account Program Act.)

"Individual or family development account" would mean an account established under the Individual or Family Development Account Program Act. "Fiduciary organization" and "reserve fund" would mean those terms as defined in that Act (certain charitable organizations and accounts established and managed by those organizations, respectively). "Qualified financial institution" would mean a financial institution as defined in the Individual or Family Development Account Program Act.

Proposed MCL 208.1426

Legislative Analyst: Craig Laurie

FISCAL IMPACT

This bill would reduce Michigan business tax revenue by less than \$1.0 million annually beginning in FY 2008-09. The General Purpose portion of the General Fund would incur this loss in revenue. Local units of government would not be directly affected by this bill.

Date Completed: 12-8-08

Fiscal Analyst: Jay Wortley