



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4420 (as passed by the House)
Sponsor: Representative Jim Tedder
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 11-28-17

CONTENT

The bill would amend the Michigan Business Tax Act to allow a development project that qualifies for tax credits under the Act to be amended to extend the duration of time provided to complete the project if certain criteria were met.

The Act allows a qualified taxpayer to claim a credit against the Michigan Business Tax for certain brownfield development projects if the taxpayer has unused credits or a preapproval letter issued after December 31, 2007, and before January 1, 2013, or received a preapproval letter before January 1, 2008, under the former Single Business Tax Act, provided that the project is completed not more than five years after the preapproval letter for the project is issued unless otherwise extended or if it is a multiphase project not more than 10 years after the preapproval letter, if applicable, for the project is issued.

A taxpayer may petition the Michigan Economic Growth Authority to make amendments to the project or preapproval letter at any time before a certificate of completion is issued. Amendments may include extending the duration of time provided to complete the project, as long as that extension does not exceed 10 years from the date of the preapproval letter.

Under the bill, if a project were approved before December 31, 2008, for 20% of the qualified taxpayer's eligible investment and a total of less than \$2.0 million for all credits for that project and that project had received a funding reservation for an allocation of the Federal Low-Income Housing Tax Credit administered by the Michigan State Housing Development Authority of more than \$1.1 million, then that project could be amended to extend the duration of time provided to complete the project to the placed-in-service date of the carryover allocation agreement for the Federal Low-Income Housing Tax Credit.

MCL 208.1437

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would extend the deadline for a taxpayer to complete a project that had previously been awarded a brownfield redevelopment tax credit. If the taxpayer would not otherwise complete the project by the deadline under current law, the bill would reduce General Fund revenue by approximately \$1.8 million. Because the deadline has not already passed, the impact of the credit is already included in current revenue estimates.

Fiscal Analyst: David Zin

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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.