



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5938 (as reported without amendment)
Sponsor: Representative Joel Sheltroun
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to refer to the income tax rate described in Section 51 of the Income Tax Act, instead of in former Section 51e, in the calculation of a qualified alternative energy credit.

Under MBT Act, a taxpayer that is certified under the Michigan Next Energy Authority Act or that is a qualified alternative energy entity may claim a credit against the MBT. The "tax rate", or the rate imposed under former Section 51e of the Income Tax Act, annualized as necessary, for the tax year in which a qualified alternative energy entity claims a credit, is used in the calculation of the credit. Under former Section 51e, on and after January 1, 2004, for receiving, earning, or otherwise acquiring income from any source, a tax at the rate of 3.9% was levied upon the taxable income of every person other than a corporation.

Under Section 51, to which the bill would refer, the rate is the following:

- On and after January 1, 2003, and before July 1, 2004, 4.0%.
- On and after July 1, 2004, and before October 1, 2007, 3.9%.
- On and after October 1, 2007, and before October 1, 2011, 4.35%.

Beginning on October 1, 2011, and each October 1 after 2011, the maximum rate must be reduced by 0.1 each year until it is 3.95%.

MCL 208.1429

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The change proposed in the bill is technical in nature and therefore would have no fiscal impact on State or local government.

Date Completed: 12-5-08

Fiscal Analyst: Jay Wortley