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House Bill 5938 (as passed by the House)  
Sponsor: Representative Joel Sheltroun  
House Committee: Tax Policy  
Senate Committee: Finance

Date Completed: 12-3-08

### **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.

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.