



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 669 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Glenn D. Steil
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the Income Tax Act to permit a qualified taxpayer who was a resident of a renaissance zone, for the 1997 tax year and each tax year after the 1997 tax year, to deduct from an adjusted gross income an amount equal to the sum of income earned or received while he or she had been a renaissance zone resident; interest and dividends received in the tax year when he or she had been a renaissance zone resident; capital gains received in the tax year; and, income the taxpayer received from winning a State on-line lottery game only if the date of the drawing for that game had been after the taxpayer became a renaissance zone resident. The deduction would be in effect for the tax year in which the taxpayer had been domiciled for 183 consecutive days in a renaissance zone.

Proposed MCL 206.30

Legislative Analyst: L. Arasim

FISCAL IMPACT

This bill would reduce State income tax revenue from what it otherwise will be. Therefore, this bill would have an impact on the three areas of the overall State budget that receive income tax revenue: 1) 15% (23% beginning in FY 1996-97) of income tax collections is earmarked to the School Aid Fund, 2) 7.3% of income tax revenue is earmarked to local units of government, and 3) the remaining amount goes into General Fund/General Purpose revenue. The total fiscal impact of the bill cannot be determined, but as an example, a family of four living in a renaissance zone with income of \$40,000 would have its State income tax liability of \$1,338 completely eliminated. Also, please see FISCAL IMPACT for Senate Bill 668.

Date Completed: 1-24-96

Fiscal Analyst: J. Wortley