

Fiscal Analysis

SINGLE BUSINESS TAX; ELIMINATE HEALTH CARE COSTS FROM BASE



Bill/Sponsor **SENATE BILL 672 (H-1)**, Sen. Nancy Cassis
SENATE BILL 673 (H-1), Sen. Thomas George

House Committee Tax Policy

Analysis **Summary**
These bills, which are tie-barred to each other, would amend the Single Business Tax (SBT) Act by reducing from the tax base health care costs paid by taxpayers for Michigan residents. Senate Bill 672 (H-1) would reduce the Michigan health care component of the tax base by 5% in tax year 2004, 20% in tax year 2005, and 40% in tax year 2006. Senate Bill 673 (H-1) would reduce the Michigan health care component of the tax base by 50% for tax years that begin after December 31, 2006.

Fiscal Impact
These bills would reduce SBT revenue, all of which accrues to the General Fund/General Purpose (GF/GP), by an estimated \$2.2 million in FY 2003-04, \$9.9 million in FY 2004-05, \$22.2 million in FY 2005-06, \$31.2 million in FY 2006-07, and \$34.1 million in FY 2007-08.

Tax Year	% of Michigan Health Insurance Exemption	Fiscal Year Impact
2004	5%	\$2.2 million
2005	20%	\$9.9 million
2006	40%	\$22.2 million
2007	50%	\$31.2 million
2008	50%	\$34.1 million

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FLOOR ANALYSIS - 12/18/03

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