



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 5445 (Substitute S-1 as reported)  
Sponsor: Representative Bill Huizenga  
House Committee: Commerce  
Senate Committee: Commerce and Labor

## **CONTENT**

The bill would amend the Single Business Tax (SBT) Act to require the Michigan Economic Growth Authority (MEGA) to report to the Legislature on an SBT credit for qualified jobs with a "distressed business". The bill also would change citations to a section of the MEGA Act in provisions regarding SBT credits based on qualified new jobs.

Under provisions added by Public Act 251 of 2003, the SBT Act provides for a tax credit in tax years beginning after December 31, 2003, and before January 1, 2007, for a distressed business. The SBT credit is for up to 50% of the tax paid under the Michigan Employment Security Act based on qualified new jobs under the MEGA Act and up to 25% of the tax paid under the Michigan Employment Security Act based on all other jobs. House Bill 5445 (S-1) would require MEGA to report to the Legislature by September 1, 2004, on the status of implementing the distressed business SBT credit; the number of businesses that had applied for the credit; and the number of certificates issued for the credit.

In addition, the SBT Act refers in several places to a taxpayer claiming a credit based on qualified new jobs as defined in Section 3(j) or Section 3(k) of the MEGA Act. The definition of "qualified new jobs", however, appears in Section 3(n). The bill would refer to that section.

(Under the MEGA Act, a "distressed business" is a business that meets all of the following:

- Four years immediately before applying to MEGA for an SBT credit, the business had 150 or more full-time jobs in Michigan.
- Within the immediately preceding four years, there has been a reduction of at least 30% of the number of full-time jobs in Michigan during any consecutive three-year period.
- The business is not a seasonal employer as defined in the Michigan Employment Security Act.)

MCL 208.37c

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 3-29-04

Fiscal Analyst: David Zin