

# Legislative Analysis

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## MEGA ELIGIBILITY

### House Bill 6034

Sponsor: Rep. Bill Huizenga

### House Bill 6035

Sponsor: Rep. Rick Baxter

Committee: Commerce

Complete to 5-8-06

## A SUMMARY OF HOUSE BILLS 6034 AND 6035 AS INTRODUCED 5-4-06

Each bill would amend Section 3 of the Michigan Economic Growth Authority Act (MCL 207.803), under which single business tax credits are available to eligible businesses that create new jobs or maintain existing jobs. Section 3 is the definitions section of the act.

House Bill 6034 would amend the definition of "qualified high-technology business" to include "a facility" (in addition to "a business") whose primary business activity is high-technology activity. A "facility" is a site or sites where an authorized business or a subsidiary maintains jobs or creates new jobs.

House Bill 6035 would amend the definition of "full-time job" to include a job performed by an individual at a business that sells all or part of its assets to an eligible business receiving a MEGA SBT credit.

## FISCAL IMPACT:

House Bill 6034: This bill is intended to allow traditional manufacturers, such as the Big 3 and their Tier 1 and Tier 2 suppliers to qualify for MEGA grants if they open a leading edge technology facility, even though their core business is traditional. Since the existing caps on the number of allowable annual MEGA grants is not changed, the fiscal impact could range from none in a given year to a significant loss of Michigan Single Business Tax revenue. Both the number of firms that will open such facilities and whether such facilities will qualify under the cap for a given year are indeterminate.

House Bill 6035: This bill is intended to anticipate various employee leasing options and sales of segments of a business, especially those affecting automotive manufacturing. Because the caps on the annual number of allowable MEGA grants are not changed, the fiscal impact could range from none in a given year to a significant loss of Michigan Single Business Tax revenue. The number of additional firms who will qualify for MEGA grants under this bill is indeterminate.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.