

Legislative Analysis



MBT: PUERTO RICO

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Senate Bill 1051

Sponsor: Sen. Jud Gilbert, II

Senate Bill 1052

Sponsor: Sen. Mark C. Jansen

Senate Bill 1056

Sponsor: Sen. Mike Prusi

Senate Committee: Finance

House Committee: Tax Policy

Complete to 12-10-08

A SUMMARY OF SENATE BILLS 1051, 1052 & 1053 AS PASSED BY THE SENATE

The bills would amend the Michigan Business Tax Act to make changes in several of the act's definitions with regards to the Commonwealth of Puerto Rico. Reportedly, these changes will treat operations in Puerto Rico as operations outside of the United States and as foreign entities for purposes of the MBT.

Senate Bill 1051 would amend the definition of "commercial domicile" in Chapter 2B (dealing with financial institutions) to remove a reference to the Commonwealth of Puerto Rico. (MCL 208.1261) *This is similar to House Bill 5734, which has passed the House.*

Senate Bill 1052 would amend the definition of "foreign operating entity" in Chapter 1 (Definitions). Currently, that definition refers in part to firms with substantial operations "outside the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States," or political subdivisions of any of those. The bill would instead refer to operations "outside the United States, the District of Columbia, any territory or possession of the United States except the Commonwealth of Puerto Rico," or political subdivisions of any of those. The underlining represents the new language. (MCL 208.1109) *This is similar to House Bill 5735, which has passed the House.*

Senate Bill 1056 would amend the definition of "state" in Chapter 1 to exclude the Commonwealth of Puerto Rico. (MCL 208.1115) *This is similar to House Bill 5736, which has passed the House.*

FISCAL IMPACT:

The bills would have no fiscal impact on state or local government.

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