

Legislative Analysis



MBT: "PURCHASES FROM OTHER FIRMS"

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6031

Sponsor: Rep. Steve Bieda

Committee: Tax Policy

Complete to 5-13-08

A SUMMARY OF HOUSE BILL 6031 AS INTRODUCED 5-1-08

Under one element of the recently enacted Michigan Business Tax, firms are subject to a tax of 0.8 percent on a firm's gross receipts, less its purchases from other firms.

House Bill 6031 would amend the Michigan Business Tax (MBT) Act to amend the definition of "purchases from other firms" as it applies to general building contractors, heavy construction contractors, and construction special trade contractors that do not qualify for a small business credit under Section 417. For those companies, the definition would apply to "any construction materials or supplies directly purchased by the firm for a construction project." These purchases would, then, not be counted in the gross receipts tax base.

(The bill specifically refers to firms included in Major Groups 15, 16, and 17 under the standard industrial classification code compiled by the U.S. Department of Labor.)

(The small business credit applies to firms with gross receipts of not more than \$20 million and adjusted business income of not more than \$1.3 million; there is also a limit on officer income.)

MCL 208.1113

FISCAL IMPACT:

The fiscal impact is indeterminate.

Legislative Analyst: Chris Couch

Fiscal Analyst: Jim Stansell

■ 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.