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Senate Bill 1367 (as enacted)
Sponsor: Senator Jason E. Allen
Senate Committee: Commerce and Tourism
House Committee: Commerce

PUBLIC ACT 257 of 2008

Date Completed: 3-2-09

CONTENT

The bill amended the Michigan Economic Growth Authority (MEGA) Act to do all of the following:

- Allow MEGA to include the value of health care benefits in determining the wage paid for retained and new jobs.**
- Revise the definitions of "qualified high-wage activity" and "qualified new job".**
- Revise the investment requirement for certain eligible businesses to enter into an agreement with MEGA for a Michigan Business Tax (MBT) credit.**

The bill took effect on August 4, 2008.

The Act allows MEGA to enter into an agreement with an eligible business for an MBT credit if the business meets a prescribed set of criteria. Among the criteria are creating and maintaining a minimum number of qualified new jobs at a facility, maintaining a certain number of full-time jobs in Michigan, and paying a certain level of wages.

As a rule, the wages paid for each retained job and qualified new job must be at least 150% of the Federal minimum wage. If the eligible business is a qualified high-wage activity, the wages paid for each qualified new job must be at least 300% of the Federal minimum wage. Under the bill, beginning on its effective date, MEGA may include the value of the health care benefit in determining the wage paid for each retained job or qualified new job for an eligible business.

The Act previously defined "qualified high-wage activity" as a business that has an average wage. The bill defines "qualified high-wage activity" as a business that has an average wage of 300% or more of the Federal minimum wage.

For jobs created after July 1, 2000, "qualified new job" previously meant a full-time job at a facility created by an eligible business that is in excess of the number of full-time jobs maintained by that eligible business in Michigan up to 120 days before the eligible business became an authorized business, as determined by MEGA. The bill retains this definition but refers to the number of full-time jobs maintained by an eligible business in Michigan up to 90 days before it became an authorized business.

Under the Act, beginning January 1, 2008, after receiving an application for an MBT credit, MEGA may enter into a written agreement with an eligible business that does not meet criteria regarding qualified new jobs, full-time jobs, and wages, if the eligible business meets other specified criteria. Previously, these included agreeing to make new capital investment at a facility equal to \$50,000 or more per retained job maintained at the facility. The bill instead requires the business to agree to invest that amount, through construction, acquisition, transfer, purchase, contract, or any other method as determined by MEGA.

MCL 207.803 & 207.808

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The changes contained in this enacted bill, which include easing a minimum wage requirement for no more than one business in 2008 only and easing a capital investment requirement for businesses not meeting certain other criteria, will make it easier for a small number of firms to qualify for Michigan Business Tax credits allowed under the Act and will not have any measurable fiscal impact.

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.