



Senate Fiscal Agency
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Senate Bill 369 (Substitute S-1 as reported)
Sponsor: Senator Jack Brandenburg
Committee: Finance

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to do the following:

- Exclude from "business income" income derived from investment activity except activity in the regular course of the person's trade or business, for a person that is organized exclusively to conduct investment activity and does not do so for anyone other than an individual or a person related to the individual and a common trust fund.
- Exclude from "gross receipts" receipts from investment activity other than receipts from transactions, activities, and sources in the regular course of the person's trade or business, by a person organized exclusively to conduct investment activity, as described above.
- Revise the income that is considered business income for an individual, estate, or person organized for estate or gift planning purposes.
- Require any final liability to be remitted by the last day of the fourth month after the end of the taxpayer's tax year, rather than with an annual or final return.
- Define "research and development expenses", for purposes of an MBT credit, as qualified research expenses as that term is defined in a section of the Internal Revenue Code.

The bill would be retroactive and effective for taxes levied on and after January 1, 2008. The bill states that it "is curative and intended to clarify the original intent of 2007 PA 36" (the MBT Act).

MCL 208.1105 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce General Fund revenue by an unknown amount. The provisions of the bill generally would exclude certain income and receipts from the tax base. The magnitude of the exclusions is unknown and, for some taxpayers, would be partially offset by the reduction of some credits that are limited by or based on the tax liability before the application of credits.

The bill would not affect local unit revenue or expenditure.

Date Completed: 10-28-11

Fiscal Analyst: David Zin