

BUSINESS LAW SECTION

LEGISLATIVE REVIEW DIRECTORSHIP REPORT

Prepared for March 10, 2011 Council Meeting

(Report as of March 1, 2011)

I. PUBLIC ACTS

- A. Public Act 38 of 2010. Amends section 27a of the Revenue Act (MCL 205.27a) to give direction to the Department of Treasury regarding treatment of a taxpayer that filed a Single Business Tax (SBT) return that included an entity disregarded for federal income tax purposes. Specifically, for a taxpayer that filed a tax return under the former SBT Act that included an entity disregarded for federal income tax purposes under the Internal Revenue Code, both of the following would apply: (i) the Department of Treasury could not assess the taxpayer an additional tax or reduce an overpayment because the taxpayer included the disregarded entity on its SBT return; and (ii) the Department of Treasury could not require the disregarded entity to file a separate tax return. In addition, if a taxpayer filed a SBT return that included an entity disregarded for federal income tax purposes, the taxpayer could not claim a refund based on the disregarded entity's filing a separate return as a distinct taxpayer. The Act is curative, will be retroactively applied, and is intended to correct any misinterpretation concerning treatment of an entity disregarded for federal income tax purposes that may have been caused by the court of appeals decision in *Kmart Michigan Prop Servs v Michigan Dep't of Treasury*, 283 Mich App 647 (2009). In that case, the court of appeals held that a taxpayer that elected to be classified as a disregarded entity for federal tax purposes nevertheless could file a return separate from its owner under the SBT Act. (HB 5937; effective 3/31/10)
- B. Public Act 61 of 2010. Amends section 1311 of the Insurance Code (MCL 500.1311) to address the takeover of a domestic property and casualty insurer having 200 or fewer employees directly or indirectly through an affiliate transacting the insurer's business. Under the Act, if a proposal made by an outside entity to merge with or acquire control of the insurer is not supported by a majority of the insurer's board of directors, then 66.67% of the outstanding voting securities must approve (i) any proposal to enter into an agreement to merge with or otherwise acquire control of the insurer or any person controlling the insurer, or (ii) for the purpose of obtaining control, a proposal seeking the election of two or more members of the board of directors of the insurer or any person controlling the insurer. (SB 1174; effective 4/30/10)
- C. Public Act 124 of 2010. The Act amends section 17048 of the Public Health Code (MCL 333.17048) to require supervising physicians who organized a professional service corporation or a professional limited liability company (PLLC) with physician's assistants (PAs) to meet applicable requirements of the code; extends the requirements to physicians supervising PAs who, before the public act took effect, organized a professional service corporation or a PLLC that had only PAs as

shareholders or members; requires the Department of Community Health to include on the license renewal form a space for a PA to disclose whether he or she was a shareholder in a professional service corporation or a member in a PLLC organized before the bill took effect; and requires a PA who was a shareholder or member to disclose in the license renewal form whether any physicians were shareholders or members, the name and license number of the supervising physician, and whether the supervising physician was a shareholder or member in the same professional service corporation or PLLC as the PA. (SB 26; effective 7/19/10)

- D. Public Act 125 of 2010. The Act amends sections 2 and 4 of the Professional Service Corporation Act (MCL 450.222 and 450.224) to include services rendered by a physician's assistant (PA) in the definition of *professional service*; and allows physicians to organize a professional corporation with PAs and prohibit PAs from organizing a professional corporation that would have only PAs as shareholders. (SB 27; effective 7/19/10)
- E. Public Act 126 of 2010. The Act amends sections 902 and 904 of the Michigan Limited Liability Company Act (MCL 450.4902 and 450.4904) to include services rendered by a physician's assistant (PA) in the definition of *professional service*; allows physicians to organize a professional limited liability company (PLLC) with other physicians licensed under the Public Health Code; allows physicians to organize a PLLC with PAs; and prohibits PAs from organizing a PLLC that would have only PAs as members. (SB 28; effective 7/19/10)
- F. Public Act 138 of 2010. The Act amends various sections of Public Act 118 of 1981 (MCL 445.1561, et seq.), which regulates automobile dealer franchises, and add sections 14a and 14b to do all of the following: expand the Act's list of prohibited activities by a manufacturer; prohibit a manufacturer from imposing a property use agreement on a dealer, unless monetary consideration or separate and valuable consideration that could be calculated to a sum certain were offered and accepted for the agreement; prohibit a manufacturer from charging back to a dealer an approved and paid warranty claim, unless the manufacturer showed that the claim was fraudulent or false within two years after payment or showed it to be unsubstantiated, to lack proper documentation, or to be improperly diagnosed or repaired within 12 months after payment; allow a manufacturer to conduct an audit of a dealer's records relating to a warranty or promotion claim submitted by the dealer; and provide that a manufacturer that violated the Act "may" (rather than "shall") be liable for all court costs and attorney fees incurred by a dealer. (SB 1308; effective 8/4/10)
- G. Public Act 139 of 2010. The Act amends Public Act 118 to revise requirements for a manufacturer to compensate a dealer for certain items upon the termination of a dealer agreement, including, among other things: require the payment of fair and reasonable compensation for each vehicle that met certain criteria; require compensation for certain data processing programs, software, and equipment, the net cost of any upgrades or alterations to dealership facilities that the manufacturer required in the last two years, and the net cost of any furnishings the manufacturer required the dealer to purchase in the last two years, establish procedures for

determining compensation for a dealer's fair rental value; and require compensation for a dealer's goodwill under certain circumstances and specify procedures for determining the value of that goodwill. (SB 13089; effective 8/4/10)

- H. Public Acts 140 and 141 of 2010. The Acts amend various sections of Public Act 118 of 1981 (MCL 445.1561 et seq.), which regulates automobile dealer franchises, and add provisions concerning compensation to dealers upon termination of a dealership agreement, determining compensation for goodwill and the relevant market area of dealerships. The Acts also revise requirements for a manufacturer to compensate a dealer for certain items on the termination of a dealer agreement; requires the payment of fair and reasonable compensation for each vehicle that meets certain criteria; requires compensation for certain data processing programs, software, and equipment, the net cost of any upgrades or alterations to dealership facilities that the manufacturer required in the last two years, and the net cost of any furnishings the manufacturer required the dealer to purchase in the last two years; establishes procedures for determining compensation for a dealer's fair rental value; and requires compensation for a dealer's goodwill under certain circumstances and specifies procedures for determining the value of that goodwill. (HB 6099 and HB 6100; effective 8/4/10)
- I. Public Act 156 of 2010. The Act amends the Michigan Business Tax Act definition of financial institutions to include federally chartered farm credit system institutions. The bill would amend Chapter 2B of the Michigan Business Tax Act to include a federally chartered Farm Credit System institution in the definition of "financial institution". The present definition includes a bank holding company, national bank, State-chartered bank, thrift institution, and savings and loan holding company. Under Chapter 2B, every financial institution with nexus to the State is subject to a franchise tax in lieu of the business income tax and the modified gross receipts tax. The franchise tax is imposed upon the financial institution's tax base (net capital) after allocation or apportionment to the State, at a rate of 0.235%. (HB 5295; effective 1/1/08)
- J. Public Act 157 of 2010. The Act amends Chapter 77 of the Insurance Code (the Michigan Life and Health Insurance Guaranty Association Act) to do the following: (1) Exclude from coverage under the chapter any policy or contract that provided benefits under Medicare Part C or D, and exclude from coverage a portion of a policy or contract to the extent that assessments required under Chapter 77 were preempted by State or Federal law and (2) Increase the maximum amount of certain benefits that the Life and Health Insurance Guaranty Association is obligated to cover from \$100,000 to \$250,000. (HB 6097; effective 9/2/10)
- K. Public Acts 195 and 196 of 2010. The Acts amend the Michigan Consumer Protection Act, specifically MCL 445.903, by adding a section to regulate the use of charitable donation boxes, which would prohibit, among other things, marking a clothing donation box or any sign near a clothing donation box in any manner that represents or implies that any personal property placed in the clothing donation box,

or the proceeds of that personal property, is donated to 1 or more charitable organizations if it is not. (HB 5716 and HB 5717 of 2009; effective 10/5/10)

- L. Public Act 198 of 2010. The Act provides for an amnesty by amending the revenue Act to do the following: (1) Create a tax amnesty period between May 15, 2011, and June 30, 2011, for taxes due before January 1, 2010; (2) Require a taxpayer requesting amnesty to make a full payment of the tax and interest due for any prior period by the last day of the amnesty period; (3) Of the revenue generated by the amnesty program, appropriate \$6.8 million to the Department of Treasury for administration and public awareness of the program; (4) Specify that this would be a work project appropriation and any unencumbered or unallotted funds would be carried forward into the following fiscal year. The amnesty period begins on May 15, 2011, and ends on June 30, 2011. During the amnesty period, the State Treasurer will waive all criminal and civil penalties for failing or refusing to file a return, failing to pay a tax, or making an excessive claim for a refund of a tax for a tax administered under the Act (e.g., the State income tax, the Michigan Business Tax, and the sales tax) if a taxpayer complied with the bill's requirements. (SB 884; effective 10/5/10)
- M. Public Act 200 of 2010. The Act amends the Michigan Business Tax Act to exclude from gross receipts 100% of the excise taxes paid by a person on or for cigarettes or tobacco products. Under Section 203 of the Michigan Business Tax (MBT) Act, a business must pay tax on amounts defined in the Act as "gross receipts", including certain taxes collected by businesses on behalf of the State. Public Act 433 of 2008 amended the Act to phase out the MBT on certain amounts, including amounts collected by a business to pay the State and Federal excise taxes on cigarettes and other tobacco products. Under Public Act 433, a percentage of the amount collected by a business for certain taxes is excluded from the definition of "gross receipts" and is therefore no longer taxed under the MBT Act. The amount excluded is being phased in over a three-year period starting at a rate of 60% of that amount in the 2008 tax year, and increasing to 75% in the 2009 tax year, and 100% in the 2010 tax year and each subsequent tax year. (SB 361; effective 10/5/10)
- N. Public Act 331 of 2010. The Act amends the Municipal Health Facilities Corporations Act by amending MCL 331.1306, and by adding section 308 to do the following: (i) allow a board of trustees or a subsidiary board to convert its municipal health facilities corporation into a nonprofit corporation, organized on a stock basis; (ii) prescribe factors that a board could consider in evaluating whether to pursue such a conversion; and (iii) require the approval of the governing body of the local unit of government for a conversion, under certain circumstances. (HB 1115, effective 12/29/10).
- O. Public Acts 5 and 6 of 2009. Amend the Michigan Business Tax Act to allow the Michigan Economic Growth Authority (MEGA) to enter into up to three tax credit agreements, rather than one agreement, for the construction of an integrative cell manufacturing facility; allow MEGA to adopt a resolution authorizing such an agreement until October 1, 2009, rather than August 1, 2009; and increase from \$70.0

million to \$90.0 million the total MBT credits allowed for expenses for certain vehicle engineering activities. (HB 4515 and SB 319; effective 4/06/09)

- P. Public Acts 8 and 9 of 2009. Amend the Michigan Business Tax (MBT) Act to allow a taxpayer that calculates and pays estimated payments for Federal income tax purposes pursuant to Section 6655(E) of the Internal Revenue Code, to calculate the estimated payments required each quarter under the Act by using the same methodology as used to calculate the annualized income installment or the adjusted seasonal installment, whichever was used as the basis for the Federal estimated payment. A penalty for underpayment of an estimated tax cannot be assessed for a tax year that ends before December 1, 2009, if the taxpayer paid 75% of the tax due for the tax year. The Acts are retroactive and effective for tax years beginning after December 31, 2007. Under the MBT Act, a taxpayer that reasonably expects liability for the tax year to exceed \$800 must file an estimated return and pay an estimated tax for each quarter of the taxpayer's tax year. (HB 4496 and SB 98; effective 1/01/08)
- Q. Public Act 26 of 2009. Amends the section of the Michigan Business Tax Act (MCL 208.1434) which provides tax credits related to the development and application of advanced battery technology. The amendments allow for one additional credit to be awarded for the construction of integrated battery cell manufacturing facilities. This brings the number of credits available from three to four credits and increases the maximum amount of credits available over four years from \$300 million to \$400 million. The amendments also increase from \$90 million to \$135 million the maximum dollar amount of credits for firms engaged in vehicle engineering to support battery integration, prototyping, and launch expenses. The current limits on credits were recently added by Public Act 6 of 2009 (SB 319). Prior to that, only one credit was available for a facility with a maximum of \$100 million and the limit on vehicle engineering credits was \$70 million. (SB 0466; effective 5/12/09)
- R. Public Acts 32 and 33 of 2009. Public Act 33 creates the Recreational Vehicle Franchise Act to do the following: prohibit a manufacturer or a dealer from selling a recreational vehicle (RV) in Michigan without a dealer agreement; prohibit a manufacturer or dealer from terminating or declining to renew a dealer agreement without good cause; prescribe procedures for the termination or nonrenewal of an agreement; require a dealer to notify a manufacturer of a proposed transaction that will result in a change of ownership, and give the manufacturer an opportunity to object; prescribe a warrantor's obligations to a dealer; prohibit specified actions by a warrantor or dealer; prescribe procedures a dealer and manufacturer must follow if a dealer receives damaged RVs; prohibit coercive actions by a manufacturer; allow a dealer, manufacturer, or warrantor to bring a civil action for a violation of the Act; require the parties to a dispute to attempt mediation before bringing a civil action; and allow a party to apply for an injunction or other equitable relief for specified violations. Public Act 32 amends the Michigan Vehicle Code to include park model trailers in provisions regarding the transport of mobile homes. (HB 4781 and SB 363; effective 12/1/2009)

- S. Public Acts 80, 81, 82, 83, 84, and 85 of 2009. These Acts each amend a separate act to update references in order to make them apply to the new Uniform Securities Act. The following describes the acts being amended by this set of Acts: Public Act 80 would amend the Professional Service Corporation Act (MCL 450.228); Public Act 81 would amend the Michigan Export Development Act (MCL 447.160); Public Act 82 would amend the Michigan Penal Code (MCL 750.159g and 411j) to include certain violations of the securities law in the definition of “racketeering”; Public Act 83 would amend the Revised Judicature Act of 1961 (600.4701) to amend the definition of “crime” to update the securities act reference; Public Act 84 would amend the Public Employee Retirement System Investment Act (MCL 38.1133), under which investment fiduciaries have to be registered under state securities law; and Public Act 85 would amend the Michigan Strategic Fund Act (MCL 125.2023), which exempts the fund’s bonds and notes from filing requirements in the state securities law. (HB 4683, 4684, 4686, 4687, 4695, and 4696; effective 8/31/2009)
- T. Public Act 86 of 2009. The Act amends the Highway Advertising Act to allow the Michigan Department of Transportation (MDOT) to issue a permit for a new sign structure for a religious organization sign or a service club sign measuring less than eight square feet; delete the current \$100 penalty for delinquent payment of an annual permit renewal fee and provides for a \$20 penalty if the renewal fee is not paid at least 30 days before the permit's expiration date; provide that, for permits having the same expiration date, the maximum amount of increased renewal fees for late payments that could be assessed against one permit holder would be \$10,000; requires MDOT to notify a permit holder by certified mail, within 30 days after the permit's expiration date, if the annual renewal fee is not paid; and allow MDOT to cancel a permit if the fee is not paid within 60 days after the permit expires. (HB 5122; effective 9/3/09)
- U. Public Act 87 and 88 of 2009. Public Act 87 enacts the Uniform Prudent Management of Institutional Funds Act to require an institution managing and investing an institutional fund to consider the institution’s charitable purposes and the purposes of the fund; establish a good faith and prudent person standard for each person responsible for managing and investing an institutional fund; specify factors that would have to be considered, and rules that would apply, in the management and investment of an institutional fund; allow an institution to appropriate for expenditure or accumulate amounts of an endowment fund that were prudent for its uses, benefits, purposes, and duration; require an institution to consider specific factors in determining to appropriate or accumulate amounts in an endowment fund; specify circumstances under which an institution could delegate the management and investment of an institution fund to an external agent; specify conditions under which an institution could release or modify a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund; require the Attorney General to be notified and given an opportunity to be heard on the matter of releasing or modifying a restriction in a gift instrument; and outline provisions regarding compliance with, and the scope of, the Act. Under the proposed Act, “institution” would mean: a person, other than an individual, organized and operated exclusively for charitable purposes; a government or governmental subdivision, agency, or

instrumentality, to the extent that it holds funds exclusively for a charitable purpose; or a trust that had both charitable and noncharitable interest, after all noncharitable interests have terminated. The Act repeals the Uniform Management of Institutional Funds Act. Public Act 88 amends the Nonprofit Corporation Act, MCL 450.2124 et al., to refer to the proposed Uniform Prudent Management of Institutions Funds Act rather than the current Uniform Management of Institutional Funds Act. (SB 411 and 412; effective 9/10/2009)

- V. Public Act 90 of 2009. Amends the Michigan Business Tax Act (MCL 208.1430) to revise, and delay the sunset for granting, an MBT credit to a qualified taxpayer for the construction and operation of a new facility for the development and manufacture of photovoltaic energy (solar energy), photovoltaic systems, or other photovoltaic technology; allow the Michigan Economic Growth Authority (MEGA) to enter into one agreement with an “eligible taxpayer” for such a credit; and increase the total of all such credits from \$25.0 million to \$75.0 million. (HB 4523; effective 9/15/09)

- W. Public Acts 92, 93, 94, 95, 96, 97, and 98 of 2009. These Acts each amend a separate act to update references in order to make them apply to the new Uniform Securities Act. The following describes the acts being amended by this set of Acts: Public Act 92 would amend the Michigan Consumer Protection Act (MCL 445.920); Public Act 93 would amend Public Act 227 of 1971 (MCL 445.111), which deals with home solicitation sales; Public Act 94 would amend the Nonprofit Corporation Act (MCL 450.3137) to address cooperative nonvoting investment certificates and bonds; Public Act 95 would amend the Savings and Loan Act of 1980 (MCL 491.515) to update the definition of “securities”; Public Act 96 would amend the Michigan Education Trust Act (MCL 390.1439), which exempts advance tuition payment contracts from the Uniform Securities Act; Public Act 97 would amend the Credit Services Protection Act (MCL 445.1822); and Public Act 98 would amend the Natural Resources and Environmental Protection Act (MCL 324.21528 and 50510), which exempts certain bonds and notes from having to be filed under the state securities law. (SB 700, 701, 703, 706, 707, 710, and 712; effective 9/24/09)

- X. Public Act 105 of 2009. Amends the Michigan Business Tax Act section 201 (MCL 208.1201) to exclude from the business income tax base royalty and interest payments to a person organized under the laws of a foreign nation having a comprehensive tax treaty with the United States. (SB 219; effective 10/1/09)

- Y. Public Act 106 of 2009. Amends the Michigan Business Tax Act section 515 (MCL 208.1515) to reduce the amount of MBT revenue earmarked to the School Aid Fund. This applies for each fiscal year beginning after the 2007-08 fiscal year. This means that some MBT revenue that otherwise would go to the School Aid Fund would instead go the General Fund. (SB 480; effective 10/1/09)

- Z. Public Act 110 of 2009. Amends the Michigan Business Tax Act section 434 (MCL 208.1434) that provides tax credits related to the development and application of advanced battery technology. It would allow for an additional credit to be awarded by the Michigan Economic Growth Authority for the construction of a facility that

will produce large scale batteries and manufacture integrated power management, smart control, and storage systems from 500 kilowatts to 100 megawatts. The credit would be equal to 25 percent of the capital investment expenses for any tax year. The bill applies to a firm that will create at least 500 new jobs in Michigan and that receives federal loan guarantees from the U.S. Department of Energy. There could be only one such credit agreement; the credit could be for up to \$25 million per year for four years, and no credit could be claimed before 2012. (SB 777; effective 10/6/09)

- AA. Public Act 126 of 2009. Amends the Michigan Business Tax Act section 431 (MCL 208.1431), which allows the Michigan Economic Growth Authority (MEGA) to award multi-year refundable tax credits to firms that meet statutory criteria. Under the Act, there would be a new limit imposed on the number of credits that could be claimed each year. For the 2010 calendar year and each subsequent year, the total amount of credits allowed to be claimed in the first year of all agreements could not exceed the sum of the total amount of credits claimed during the immediately preceding calendar year plus \$95 million. (SB 774; effective 10/27/09)
- BB. Public Act 141 of 2009. Amends the Michigan Business Tax Act section 435 (MCL 208.1435) to allow an unused carryforward of a taxpayer's historic preservation credit to be reduced by the amount that otherwise would be added to the taxpayer's tax liability. Under the Act, a taxpayer that owns and rehabilitates a historic resource may claim an MBT credit for a percentage of the taxpayer's qualified expenditures, if the taxpayer receives a certificate of completed rehabilitation and other criteria are met. If the credit for a tax year exceeds the taxpayer's MBT liability, the excess may not be refunded but may be carried forward to offset tax liability for up to 10 subsequent tax years. For certain levels of the credit, a taxpayer must obtain a preapproval letter from the State. If a taxpayer's preapproval letter is revoked, between 20% and 100% of the credit must be added back to the taxpayer's MBT liability. (HB 4264; effective 12/31/07)
- CC. Public Act 142 of 2009. Amends the Michigan Business Tax Act section 117 (MCL 208.1117) to provide that if the term "tax year" in the Act were used in reference to one or more previous or preceding tax years that were before January 1, 2008, those tax years would be deemed the same tax years during which the former Single Business Tax Act was in effect. (HB 4709; effective 12/31/07)
- DD. Public Act 157 of 2009. The Act amends the Michigan Business Tax Act (MCL 208.1267) to provide that, if a taxpayer restructured as a financial institution on or after January 1, 2008, and before the restructuring qualified to apportion its tax base based on its sales factor calculated under Section 307, the taxpayer could elect to continue to have its business activities that are subject to the MBT both within and outside the State apportioned to the State by multiplying its tax base by its sales factor calculated in accordance with Section 307. The Act would make an exception to the requirement that a financial institution apportion its tax base to Michigan by multiplying the tax base by the gross business factor. The purpose of the Act is to allow GMAC to continue to use the apportionment percentage of General Motors because it would be more advantageous to GMAC. On November 30, 2006, GMAC

was spun off from General Motors, when Cerberus Capital Management, L.P., acquired a controlling stake in GMAC. In December 2008, GMAC restructured as a bank holding company and became a financial institution for purposes of the MBT Act. (SB 671; effective 12/10/09)

- EE. Public Act 159 and 160 of 2009. The Acts amend provisions of the Michigan Business Tax (MBT) Act governing the credits for an “anchor company” (a qualified high-technology business that is an integral part of a high-technology activity and that has the ability or potential ability to influence business decisions and site location of qualified suppliers and customers). Public Act 160 allows an anchor company to claim an MBT credit of up to 5% of the taxable value of each qualified supplier’s or customer’s taxable property, or up to 2.5% of the taxable value of property subject to the industrial facility tax, that is located within the qualified taxpayer’s 10-mile radius, for a period of up to five years, as determined by MEGA. Public Act 159 allows an anchor company to claim an MBT credit in amount up to 100% of the qualified supplier’s or customer’s payroll attributable to employees who perform qualified new jobs as determined by MEGA, multiplied by the tax rate for the tax year, for up to five years, if the taxpayer receives a certificate from MEGA. (SB 493 and HB 4674; effective 12/31/08)

- FF. Public Act 177 of 2009. The Act amends the Self-Service Storage Facility Act to specify that if an owner receives a notice that a tenant who was a service member was transferred or deployed overseas on active duty for at least 180 days, the owner may not enforce an owner’s lien until 90 days after the end of the tenant’s overseas service; also requires an owner to deliver notice of intent to enforce a lien by first-class mail (rather than certified mail) or by e-mail; and allows the sale of property to be advertised electronically. (SB 204; effective 12/15/09)

- GG. Public Act 184 and 185 of 2009. The Acts each amend the Michigan Business Tax Act (MCL 208.1101 et seq.) to provide technical, non-substantive, “clean-up” amendments. Public Act 184 amends the definition of “tax rate” in Section 429 (alternative energy tax credits) to correct a reference to a section in the Income Tax Act. Senate Bill 91 amends Section 503 to provide a formula for calculating the tax for the 2008 tax year (the first year of MBT implementation) for partial-year taxpayers. (SB 89 and SB 91; effective 1/1/08)

- HH. Public Act 188 of 2009. The Act amends the Michigan Public Health Code to prohibit smoking in public places, in places of employment, and in food service establishments (such as restaurants, cafeterias, food courts in shopping malls, and bars), with exceptions for cigar bars, tobacco specialty retail stores, and gambling areas of casinos. (HB 4377; effective 5/1/10)

- II. Public Act 192 of 2009. The Act amends the Michigan Business Tax (MBT) Act to raise the \$3 million-per-tax-year cap imposed on the credit available under the Michigan Business Tax for expenditures on the renovation of a “high community impact” historic resource to provide, subject to the approval of the Michigan Strategic

Fund and the State Treasurer, an addition credit of up to 15% of the qualified taxpayer's qualified expenditures for 2009 and 2010. (HB 5479; effective 12/22/09)

- JJ. Public Act 240 of 2009. The Act amends section 434 of the Michigan Business Tax Act (MCL 208.1434) that provides tax credits related to the development and application of advanced battery technology. It allows for one additional credit to be awarded by the Michigan Economic Growth Authority for the construction of integrated battery cell manufacturing facilities. (HB 5469; effective 1/8/10)

II. NEW BILLS AND STATUS OF PENDING BILLS

- A. Senate Bill 2 of 2009. The Bill would create a small business ombudsman's office and a small business compliance advisory panel to investigate and review the actions of regulatory agencies of this state, and monitor and ensure compliance with relevant laws and policies and recommend appropriate changes in policy, procedure, and legislation; and provide for certain powers and duties of certain state officers and agencies. The Bill was referred to the Committee on Economic Development and Regulatory Reform on January 14, 2009. The Bill reported favorably with substitute S-2 and was referred to the Committee of the Whole on August 27, 2009. The Bill was passed by the Senate and transmitted to the House on September 15, 2009. The Bill was referred to the Committee on New Economy and Quality of Life. The Bill was sponsored by Alan Sanborn.
- B. Senate Bill 44 of 2009. The Bill would create the Adult Entertainment Tax Act to create and impose a state excise tax on persons engaged in the business of operating an adult entertainment facility. The Bill was referred to the Committee on Local, Urban and State Affairs on January 27, 2009. The Bill was sponsored by Raymond Basham.
- C. Senate Bill 94 of 2009. The Bill would amend 1989 PA 88 (MCL 445.541-547) and create the Watercraft Manufacturer and Dealer Act, which would revise the regulation of new watercraft manufacturers, wholesalers, and dealers. The Bill was referred to the Committee on Economic Development and Regulatory Reform on January 28, 2009. The Bill was sponsored by Randy Richardville.
- D. Senate Bill 558 of 2009. The Bill would amend sections 207a & 803 of the Limited Liability Company Act (MCL 450.4207a & 450.4803) to modify the filing deadline for annual reports and certain low-profit LLC amendment certificates from 60 to 90 days. The Bill was referred to the Committee on Commerce and Tourism on May 7, 2009. The Bill was sponsored by Jason Allen.
- E. Senate Bills 1116 of 2010. Bill 1116 would amend the Michigan Nonprofit Corporation Act by amending MCL 450.2123 and 450.2217, and by adding section 746 to do the following: (i) apply the Michigan Nonprofit Corporation Act to a domestic corporation formed by the conversion of a municipal health facilities corporation to a nonprofit corporation under Section 308 of the Municipal Health Facilities Corporations Act (MCL 15331.1308); (ii) allow a nonprofit organization

(including a municipal health facilities corporation) to convert to a domestic corporation; and (iii) require a nonprofit organization proposing to convert to a domestic corporation to adopt a plan of conversion and file a certificate of conversion with DELEG. The Bills are tie-barred. The Bills were introduced on February 9, 2010, and referred to the Committee on Health Policy. On March 11, 2010, the Bill reported favorably without amendment, the Committee recommended immediate effect, and the Bill were referred to Committee of the Whole. On April 20, 2010, Bill 1116 was referred to the Senate Committee on Health Policy. On May 5, 2010, Bill 1115 was reported with recommendation without amendment. The Bill was sponsored by Bill Hardiman (primary).

- F. Senate Bill 1455 of 2010. The Bill would amend various sections of the Michigan Limited Liability Company Act (MCL 450.4101, et. seq) to do all of the following: authorize the conversion of a limited liability company (LLC) into another business organization, and the conversion of a business organization into an LLC; allow an LLC to indemnify or insure an LLC member or manager or another person, and repeal the current authorization to indemnify or insure a manager; specify that a transaction could not be enjoined, set aside, or give rise to damages or other sanctions because of a manager's interest in the transaction if certain conditions were established; revise provisions regarding a judgment creditor of an LLC member; revise a provision pertaining to a person's admission as a member of an LLC; and provide for the dissolution of an LLC that had not yet commenced business. The Bill was introduced on August 17, 2010 and referred to the Committee on Commerce and Tourism. The Bill was sponsored by Tupac Hunter (primary).
- G. House Bill 5069 of 2009. The Bill would add Section 5705 to the Revised Judicature Act to allow employees, partners, officers and members of partnerships, corporations and limited liability companies with personal knowledge to commence summary proceedings on behalf of the business entity. The Bill was introduced on June 9, 2009, and referred to the Committee on Judiciary. The Bill was sponsored by Dudley Spade (primary).
- H. House Bill 5583 of 2009. The Bill would amend the Michigan Business Tax Act, specifically MCL 208.1111, by adding to section (1) a new subsection (ee), which would exclude certain membership income for cooperative or condominium associations from the definition of "gross receipts." The Bill was introduced on November 10, 2009, and referred to the Committee on Tax Policy. The Bill was sponsored by Tom McMillin (primary).
- I. House Bill 6166 of 2010. The office of small business and entrepreneurship services would be created in the Department of Energy, Labor and Economic Growth. (2) The office shall do all of the following: (a) Facilitate the creation and retention of small business jobs in this state;(b) Create and operate a 1-stop internet website for small businesses and entrepreneurship services; (c) Coordinate programs across state government to create and retain small business jobs in this state; (d) Aid and assist small business and entrepreneurs in this state; (e) Work to create a business environment that encourages and sustains entrepreneurship in this state; (f) Work to

empower entrepreneurs to take advantage of the opportunities the market offers in this state; and (g) Facilitate the promotion of a positive customer service culture of state employees who interact with the public. The Bill was sponsored by John Proos (primary).

- J. House Bill 6273 of 2010. The Bill would provide for the 2010 and 2011 tax years, a qualified taxpayer may claim a credit against the tax imposed by this act equal to the total compensation paid by the qualified taxpayer to all qualified employees during the tax year for which the credit is claimed or \$10,000.00 for each qualified employee, whichever is less. The credit allowed under this section shall be taken after all other credits provided under this act. The Bill was sponsored by Jim Slezak (primary).
- K. House Bill 4091 of 2011. The Bill would provide for the 2011 tax year, elimination of the modified gross receipts tax component of the Michigan Business Tax and change the rate of the remaining corporate income tax portion to 6 percent. The Bill was sponsored by Ken Horn (primary).
- L. House Bill 4240 of 2011. The Bill would prohibit state departments from promulgating rules more stringent than required by federal standards, unless specifically required to by state statute. The Bill would require state agencies to consider exempting small businesses from adopted rules and identify and estimate the number of small businesses affected by the proposed rule if not exempted. The Bill was sponsored by Ken Goike (primary).
- M. House Bill 4361 of 2011. The Bill would provide for elimination of the modified gross receipts tax component of the Michigan Business Tax and change the rate of the remaining corporate income tax portion to 6 percent. The Bill was sponsored by Jud Gilbert (primary).
- N. House Bill 4362 of 2011. The Bill would provide "grandfather" status for a range of special business tax breaks and subsidies that were granted to particular firms under targeted exemptions and credits. The "grandfather" status would be available only for firms with already certified tax breaks or subsidies. This bill is part of the Governor's proposal to convert the Michigan Business Tax into a 6 percent corporate income tax. The Bill was sponsored by Jud Gilbert (primary).

Respectfully submitted,

Eric I. Lark / William C. Lentine
Kerr, Russell and Weber, PLC
March 1, 2011

Legislative Analysis



GOVERNOR'S TAX PROPOSAL

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

House Bills 4361 & 4362
Sponsor: Rep. Jud Gilbert, II
Committee: Tax Policy

Complete to 3-8-11

A SUMMARY OF HOUSE BILLS 4361 & 4362 AS INTRODUCED 3-1-11

BRIEF SUMMARY: House Bill 4361 would amend the Income Tax Act to implement the Snyder Administration's Executive Recommendation for tax changes. The bill divides the Income Tax Act into two parts: Part One contains provisions for the individual or personal income tax act, and Part Two, which is entirely new, contains provisions for the corporate income tax. House Bill 4362 would amend the Michigan Business Tax Act so that MBT credits awarded through 2011 could stay in place through the life of the agreements.

These tax changes consist of:

- Eliminating the Michigan Business Tax (MBT). Under House Bill 4362, the act would be repealed when the last credit or carryforward based on a credit was claimed. Taxpayers could choose to continue to file under the MBT to keep certain "certificated credits."
- Imposing a new 6% corporate income or profits tax with no credits, except for the small business credit. This would be effective January 1, 2012.
- Eliminating various income tax expenditures – including the pension exemption (both public and private pensions) and the earned income tax credit (EITC) for low-income workers. These two have the largest fiscal impact. For the complete list, see the description beginning on Page 4, and the table on Page 7.
- Freezing the income tax rate at 4.25%. (Under current law, the income tax rate is 4.35%. Beginning October 1, 2011, the rate is scheduled to be reduced by 0.1 percentage points each year until the rate reaches 3.95%; then the rate is to be reduced to 3.9% effective October 1, 2015. Under the proposal, these reductions would not take place.)

FISCAL IMPACT: In total, these tax changes would reduce revenue by an estimated \$270.6 million in FY 2011-12 and decrease revenue by \$64.0 million in FY 2012-13.

However, these tax changes would *increase* General Fund/General Purpose (GF/GP) revenue by an estimated \$326.5 million in FY 2011-12 and \$466.3 million in FY 2012-13 while *reducing* reduce School Aid Fund (SAF) revenue by an estimated \$597.1 million in FY 2011-12 and \$530.3 million in FY 2012-13.

Table 1, below, includes the estimated fiscal impact of the Executive Recommendation for tax changes, which would be effective January 1, 2012. A more detailed chart is found on Page 7.

Table 1
Potential Tax Changes under the Executive Recommendation (Summary)
Effective Date January 1, 2012
(Millions of Dollars)

<u>Business Tax Related</u>	<u>FY 2011-12</u> <u>Estimates</u>	<u>FY 2012-13</u> <u>Estimates</u>
Repeal MBT	(\$2,170.0)	(\$2,024.4)
Partial Year MBT	900.2	0.0
6% Corporate Income Tax (Only C Corps)	460.1	748.8
Financial Institutions Tax	27.7	43.9
Honor Existing Firm-Specific Credits	<u>(293.0)</u>	<u>(500.0)</u>
Net Business Tax Change	(1,075.0)	(1,731.7)
<u>Income Tax Related</u>		
Individual Income Tax Changes	804.4	1,838.7
Tax and Fee Reform Reserve Fund	<u>0.0</u>	<u>(171.0)</u>
Net Income Tax Change	804.4	1,667.7
Total Tax Changes	(270.6)	(64.0)
GF/GP	326.5	466.3
SAF	(597.1)	(530.3)

DETAILED SUMMARY:

MBT and Corporate Income Tax Changes

The Executive Recommendation would repeal the Michigan Business Tax and replace it with a 6% corporate income or profits tax with no credits, except for the small business credit. Qualified small businesses are eligible to pay an alternate tax equal to 1.8% of adjusted business income. The business tax on insurance companies and financial institutions would not be fundamentally changed from current law. Unlike the MBT, the corporate income tax would apply only to C corporations and not other business types. Credits that have already been awarded under the MBT, such as MEGA, brownfield redevelopment, renaissance zone, film production, battery/photovoltaic, and other credits would be retained for the duration of the agreements, but no additional credits would be awarded.

Combined, the MBT and corporate income tax changes proposed in the Executive Recommendation would reduce business taxes by an estimated \$1.08 billion in FY 2011-12 and \$1.73 billion, which is an 86% reduction, on a full year basis in FY 2012-13.

As a background, the MBT is a tax on all businesses with apportioned gross receipts above \$350,000 with business activity in Michigan. The MBT has two main components

to its tax base: (1) business income or net profit and (2) modified gross receipts (gross receipts less purchases from other firms, such as inventory, depreciable assets, and materials and supplies). Business income is taxed at 4.95% and modified gross receipts component is taxed at 0.8%.

In addition, the MBT includes many credits and a surcharge. The surcharge (except for insurance companies and financial institutions) is 21.99% of taxpayer's MBT liability after apportionment but before credits and is limited to \$6 million per taxpayer per tax year. For financial institutions, the MBT surcharge is 23.4%, but insurance companies are not subject to the surcharge.

The MBT was originally designed to be revenue neutral with the SBT and a personal property tax (PPT) cut and to reimburse the SAF for the state and local PPT exemptions, which totaled \$479 million in FY 2008-09. The PPT is primarily a local tax levied on businesses for personal property such as equipment, machinery, furniture, and fixtures. The MBT property tax related legislation exempted industrial personal property from the 6 mill state education tax, the industrial facilities tax portion of the 18 school operating mills, and the 18 school operating mills. It also exempted commercial personal property from up to 12 of the school operating mills.

As noted earlier, credits that have already been awarded under the MBT, such as MEGA, brownfield redevelopment, renaissance zone, film production, battery/photovoltaic, and other credits would be retained for the duration of the agreements, but no additional credits would be awarded.

A brief description of the temporally retained credits follows.

- MEGA. Numerous credits for new or expanding firms based on additional payroll and health care costs or additional business activity costs associated with an expansion or new location.
- Brownfield Redevelopment. Credit for some of the costs of demolition, construction, restoration, or alteration of buildings located in Brownfield development zones.
- Renaissance Zone. Credit against the MBT for businesses located within one of the more than 150 renaissance zone boundaries.
- Film Production Credits. Credits for film production expenditures: 40 - 42% refundable credit for direct production expenditures (include, but not limited to, compensation payments to producers, directors, writers, and actors), 30% credit for qualified personnel expenditures (below the line personnel, such as technical crew, who were not residents of Michigan for at least 60 days before approval of the agreement), 25% investment film infrastructure credit, and a 50% qualified job training credit.
- Battery Credits. A variety of credits are issued for battery related activity: pack engineering, integration and assembly credits, vehicle engineering credit, advanced battery technologies credit, and battery cell manufacturing credits.

- Other Credits. Historic, farmland, and workers disability credits. The historic preservation credit provides a credit up to 25% of expenditures for the restoration of a qualified historic site. The farmland preservation credit provides property tax relief for corporate farms. The workers' disability supplemental benefit credit provides for 100% of the supplemental cost of living payments made to persons injured between September 1965 and December 1979.

Personal Income Tax Changes

The income tax changes proposed by the Governor would increase the income tax by an estimated \$804.4 million in FY 2011-12 and \$1.67 billion in FY 2012-13. The proposed changes are as follows.

- Freeze income the tax rate at 4.25%. Under current law, the income tax rate is 4.35%. Beginning October 1, 2011, the rate will be reduced by 0.1 percentage points each year until the rate reaches 3.95%; then the rate will be reduced to 3.9% effective October 1, 2015.
- Eliminate pension exemption. Under current law, Social Security, military, federal, state and local government pension/retirement income is fully exempt. Private pensions are exempt up to \$45,120 single/\$90,240 joint (TY 2010) – these levels are indexed to inflation. In Michigan, defined benefit plans, IRAs, and annuities are fully exempt. Also, 401(k) distributions attributable to employer contributions or to employee contributions that are matched by the employer are exempt, but distributions attributable to employee contributions that are not matched by the employer are currently subject to the state income tax, subject to the private pension limits. In addition, 401(k)s with no employer match are not considered pensions and therefore are completely subject to the income tax. The Executive Recommendation would eliminate these exemptions (except for the military and Social Security exemptions).
- Eliminate the dividends, interest, capital gains exemption received by seniors. Under current law, senior investment income up to \$10,058 single/\$20,115 joint (TY 2010, indexed to inflation) is exempt.
- Eliminate the \$2,300 (TY 2010, indexed to inflation) special exemptions for seniors and individuals with unemployment compensation equal to or greater than 50% of their AGI (adjusted gross income, Michigan's starting point from federal return).
- Personal exemption phase-out. Under current law, \$3,700 (TY 2011, indexed to inflation) is exempt from AGI for each personal exemption claimed on the federal income tax return. The personal exemption increases in \$100 increments based on inflation. The Executive Recommendation would phase-out the personal exemption for single taxpayers between the income range of \$75,000 and \$100,000 and for married taxpayers between the income range of \$150,000 and \$200,000. Taxpayers with incomes above the upper bound would receive no personal exemption. The formula for the phasing out of the exemption is:

Personal Exemption multiplied by: $\frac{\$100,000 \text{ minus total household resources}}{\$25,000}$

- Eliminate child deduction. The child deduction provides a \$600 subtraction from AGI for each dependent child age 18 or younger.
- Eliminate miscellaneous subtractions. The Executive Recommendation would eliminate political contributions; prizes won from bingo, raffle, or charity games; losses from the disposal of property; income from gas and oil royalty interest; certain distributions from IRAs used to pay higher education expenses; qualifying distributions from a pension or retirement plan that is contributed to a charitable organization.
- Eliminate the city income tax credit. The city income tax credit is a non-refundable credit to partially offset the city income tax liability (levied in 22 cities). In TY 2008, 823,612 credits were allowed, and the average credit was \$38.
- Eliminate the public contributions credit. The public contributions credit is a non-refundable credit equal to 50% of the amount contributed up to a maximum credit of \$100 for single (\$200 for joint) returns. Public contributions include gifts to Michigan colleges and universities, public libraries, museums, and public broadcasting stations. In TY 2008, 273,300 credits were allowed, and the average credit was \$90.
- Eliminate the community foundations credit. The community foundations credit is a non-refundable credit equal to 50% of the amount contributed up to a maximum credit of \$100 for single (\$200 for joint) returns. In TY 2008, 35,200 credits were allowed, and the average credit was \$93.
- Eliminate the homeless shelter/food bank credit. The homeless shelter/food bank credit is a non-refundable credit equal to 50% of the amount contributed up to a maximum credit of \$100 for single (\$200 for joint) returns. The credit is for cash donations to qualifying homeless shelters, food banks, and food kitchens whose primary purpose is to provide accommodations or food to indigent persons. In TY 2008, 234,100 credits were allowed, and the average credit was \$81.
- Eliminate the historic preservation credit. The historic preservation credit is a refundable and a non-refundable credit to rehabilitate historic sites and is equal to 25% of the qualified expenditures. In TY 2008, about 300 credits were allowed and the average credit was \$4,581.
- Eliminate the college tuition and fees credit. The college tuition and fees credit is a non-refundable credit for resident taxpayers with AGIs of less than \$200,000 and is equal to a percentage of tuition and fees. To qualify, the school must have certified that tuition and fees will not increase by more than the rate of inflation. The amount of the credit is the lesser of 8% of the tuition and fees paid or \$375 per student. The credit cannot be claimed for more than 4 years for any one

student. In TY 2008, about 83,000 credits were allowed and the average credit was \$146.

- Eliminate the vehicle donation credit. The vehicle donation credit is a non-refundable credit to equal to 50% of the fair market value of certain automobile donations to qualified charitable organizations. The credit is limited to up to a maximum credit of \$100 for single (\$200 for joint) returns. In TY 2008, about 2,200 credits were allowed and the average credit was \$56.
- Eliminate the individual or family development credit. Individuals or families whose income is 200% of the federal poverty level can establish accounts for qualified expenses and receive a nonrefundable credit equal to 75% of the contributions made to the account.
- Eliminate the adoption credit. The adoption credit provides refundable credit of up to \$1,200 to the extent that qualified adoption expenses exceed the amount allowed under the federal adoption credit.
- Eliminate the stillbirth credit. This refundable credit is available to taxpayers who have been provided with a Certificate of Stillbirth. The credit is equal to 4.5% of the personal exemption amount, rounded to the closest \$10 increment.
- Eliminate earned income tax credit. The EITC is a refundable credit for working low income households equal to 20% of the federal EITC. This would increase revenue by an estimated \$373.7 million for FY 2012-13. In recent years, a portion of the state earned income tax credit has been used to meet maintenance of effort (MOE) requirements for federal Temporary Assistance for Needy Families (TANF) dollars. Elimination of the credit would also eliminate this TANF MOE claim generated by the state EITC. Thus, other eligible state spending would need to be identified to ensure that MOE requirements were met.
- Homestead property tax credit (HPTC) changes. For TY 2008, Michigan taxpayers with household income less than \$82,650 may claim a property tax credit, and the computed credit is reduced by 10% for every \$1,000 that household income exceeds \$73,650. Under current law, the credit is equal to 60% of the amount by which property taxes (or 20% of rent for renters) exceed 3.5% of household income, up to a maximum of \$1,200. For seniors and disabled filers, the credit is equal to 100% of the difference. The proposed changes would adjust the percentage by which property taxes exceed 3.5% of household income to 80% for all filers except disabled taxpayers, who remain at 100%. In addition, the credit will begin to phase-out at an income level of \$60,000.
- Eliminate all designated voluntary contributions. Contributions to these funds increase taxpayers' liability or reduce their refund. Although eliminating these contribution options via the income tax could reduce total contributions for these funds, this change has no state fiscal impact.
- Reserve for future tax and fee reform. The Executive Recommendation would set aside a portion of income tax revenue in a Tax and Fee Reform Reserve Fund; the

Executive budget has indicated that this is to be used for future tax cuts. This amount would total an estimated \$171 million in FY 2012-13, \$380 million in FY 2013-14, \$593 million in FY 2014-15, and \$719 million in FY 2015-16.

Table 2
Potential Tax Changes under the Executive Recommendation in Detail
Effective January 1, 2012
(Millions of Dollars)

	FY 2011-12 Estimates			FY 2012-13 Estimates		
	GF/GP	SAF	Total	GF/GP	SAF	Total
<u>Business Tax Related</u>						
Repeal MBT	(1,419.8)	(750.2)	(2,170.0)	(1,260.7)	(763.7)	(2,024.4)
Partial Year MBT	900.2	0.0	900.2	0.0	0.0	0.0
6% Corporate Income Tax (Only C Corps)	460.1	0.0	460.1	748.8	0.0	748.8
Financial Institutions Tax	27.7	0.0	27.7	43.9	0.0	43.9
Honor Existing Firm-Specific Credits	(293.0)	0.0	(293.0)	(500.0)	0.0	(500.0)
Net Business Tax Change	(324.8)	(750.2)	(1,075.0)	(968.0)	(763.7)	(1,731.7)
<u>Income Tax Related</u>						
Freeze Income Tax Rate at 4.25%	0.0	0.0	0.0	171.0	0.0	171.0
Eliminate Private Pension Exemption	363.5	95.4	459.0	553.0	146.5	699.5
Eliminate Public Pension Exemption	121.6	31.3	153.0	184.4	48.8	233.2
Retain Military Pension Exemption	(12.3)	(3.2)	(15.4)	(19.8)	(3.7)	(23.5)
Eliminate Investment Income Exemption By Seniors	28.1	7.2	35.4	42.9	11.0	53.9
Eliminate Some Special Exemptions	6.7	2.1	8.8	40.9	0.0	40.9
Phase-Out Personal Exemption	41.4	13.0	54.4	63.2	19.7	82.9
Eliminate Child Deduction	0.0	0.0	0.0	57.0	0.0	57.0
Eliminate Miscellaneous Subtractions	28.1	7.2	35.4	42.9	11.0	53.9
<u>Eliminate Non-refundable Credits</u>						
City Income Tax Credit	26.3	0.0	26.3	36.7	0.0	36.7
Public Contributions Credit	20.3	0.0	20.3	28.1	0.0	28.1
Community Foundations Credit	3.0	0.0	3.0	4.1	0.0	4.1
Homeless Shelter/Food Bank Credit	16.5	0.0	16.5	22.8	0.0	22.8
Historic Preservation Credit	0.0	0.0	0.0	0.0	0.0	0.0
College Tuition Credit	7.1	0.0	7.1	9.8	0.0	9.8
Vehicle Donation Credit	0.8	0.0	0.8	1.0	0.0	1.0
Individual or Family Development Credit	0.0	0.0	0.0	0.0	0.0	0.0
<u>Eliminate Refundable Credits</u>						
Adoption Credit	0.0	0.0	0.0	1.0	0.0	1.0
Stillbirth Credit	0.0	0.0	0.0	0.0	0.0	0.0
Eliminate EITC	0.0	0.0	0.0	373.7	0.0	373.7
Changes to Homestead Property Tax Credits	0.0	0.0	0.0	(7.2)	0.0	(7.2)
Eliminate All Voluntary Contributions	0.0	0.0	0.0	0.0	0.0	0.0
Tax and Fee Reform Reserve Fund	0.0	0.0	0.0	(171.0)	0.0	(171.0)
Net Income Tax Change	651.2	153.1	804.4	1,434.4	233.4	1,667.8
Total Tax Changes	326.5	(597.1)	(270.6)	446.4	(530.3)	(64.0)

Source: Michigan Department of Treasury

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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.