

SFA

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

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Senate Bill 9 (as reported without amendment)

Sponsor: Senator Norman D. Shinkle

Committee: Finance

Date Completed: 5-21-87

JUL 1 1987

JUL 05 1987

MCL 208.5

RATIONALE

The Single Business Tax Act refers to the Federal Internal Revenue Code in effect November 15, 1982. Because the Code has been amended since 1982, it has been suggested that the Act be amended to refer to the latest version of the Code.

CONTENT

The bill would amend the Single Business Tax Act to provide that the provisions of the Internal Revenue Code of 1986, as amended and in effect on January 1, 1987, would be applicable to the Act.

MCL 208.5

FISCAL IMPACT

The Michigan Department of Treasury estimates that updating the Single Business Tax reference to the 1987 Internal Revenue Code would increase State revenues by approximately \$20 million each year. This is an estimated increase in SBT liabilities of 1.16% per year. Under current law, a firm could legally calculate its SBT liability using the IRS Code prior to Federal tax reform.

ARGUMENTS***Supporting Argument***

Under the bill, the Single Business Tax Act would contain the proper reference to the latest version of the Internal Revenue Code. The Legislature updates this reference periodically so that, in complying with the single business tax, businesses are not required to make a separate set of calculations for Federal taxes and another for State taxes.

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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.