
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 1271 and 1272 (as reported by the Committee of the Whole)

Sponsor: Senator Leon Stille

Committee: Finance

CONTENT

Senate Bill 1271 would amend the Income Tax Act to provide that the State income taxes of the employees of a "qualified employer" would have to be deposited in the Agricultural Processing Facility Fund (proposed by Senate Bill 1272), to be appropriated and used solely for the purposes of the Fund. Senate Bill 1272 would create the "Agricultural Processing Facility Act" and establish the Fund within the Department of Treasury; and require that the money in the Fund be used for grants to develop certain agricultural processing facilities that created or retained jobs and promoted economic growth. The bills are tie-barred to each other.

Under Senate Bill 1271, for tax years beginning after December 31, 1999, a deposit would have to be made to the Fund in an amount equal to the "effective tax rate" multiplied by the payroll of the employees of each "qualified employer". The Department of Treasury would have to determine the "effective tax rate" each year using the average salary of an employee, based on a formula specified in the bill.

Under Senate Bill 1272, a "qualified employer" would be the operator of a "qualified facility", that is, an agricultural processing facility that was a co-op that processed agricultural products in Michigan and had received an industrial facilities exemption certificate (under the Plant Rehabilitation and Industrial Development Districts Act) from the local government in which the facility was located.

The bill would require the Legislature to make an appropriation each year from the Fund to the Department that was sufficient to make the grants to the qualified facilities. The Department could not grant to a facility more than the amount captured in the immediately preceding year under Senate Bill 1271.

Proposed MCL 206.484 (S.B. 1271)

Legislative Analyst: G. Towne

FISCAL IMPACT

At this time, only one agricultural processing facility that meets the definition of "qualified facility" has been identified. Based on data from this facility, an estimated \$213,000 in income tax revenue would be deposited into the Agricultural Processing Facility Fund in FY 2000-01.

Date Completed: 6-5-00

Fiscal Analyst: J. Wortley