Legislative Analysis

MBT: PUERTO RICO

House Bill 5734
Sponsor: Rep. Rebekah Warren

House Bill 5735
Sponsor: Rep. Lorence Wenke

House Bill 5736
Sponsor: Rep. Jeff Mayes
Committee: Tax Policy

Complete to 2-19-08

A SUMMARY OF HOUSE BILLS 5734-5736 AS INTRODUCED 2-14-08

The bills would amend the Michigan Business Tax Act to make changes in several of the act's definitions with regards to the Commonwealth of Puerto Rico. Reportedly, these changes will treat operations in Puerto Rico as operations outside of the United States and as foreign entities for purposes of the MBT.

House Bill 5734 would amend the definition of "commercial domicile" in Chapter 2B (dealing financial institutions) to remove a reference to the Commonwealth of Puerto Rico. (MCL 208.1261)

House Bill 5735 would amend the definition of "foreign operating entity" in Chapter 1 (Definitions). Currently, that definition refers in part to firms with substantial operations "outside the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States," or political subdivisions of any of those. The bill would instead refer to operations "outside the United States, the District of Columbia, any territory or possession of the United States except the Commonwealth of Puerto Rico," or political subdivisions of any of those. The underlining represents the new language. (MCL 208.1109)

House Bill 5736 would amend the definition of "state" in Chapter 1 to exclude the Commonwealth of Puerto Rico. (MCL 208.1115)

FISCAL IMPACT:

There is not enough information available at present to determine the potential fiscal impact.

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