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Senate Bill 1264 (as enacted)
Sponsor: Senator Randy Richardville
Senate Committee: Finance
House Committee: Tax Policy

PUBLIC ACT 572 of 2008

Date Completed: 1-26-09

CONTENT

The bill amended the Michigan Business Tax (MBT) Act to increase the maximum amount that an eligible taxpayer may claim against the tax for expenses of constructing and upgrading a motorsports entertainment complex; and to increase the amount of capital expenditures in this State the taxpayer must make.

the 2010 tax year and each subsequent tax year, an eligible taxpayer may claim an MBT credit equal to all of those expenditures. If the amount of this credit exceeds the tax liability of the taxpayer for the tax year, that excess must be refunded.

The bill refers to necessary expenditures in this State.

Under the Act, for tax years beginning on or after January 1, 2008, and ending before January 1, 2013, an eligible taxpayer may claim a credit against the MBT equal to the amount of capital expenditures on infield renovation, grandstand and infrastructure upgrades, and any other construction and upgrades, subject to certain limits. The credit may not exceed the amounts specified in the Act or the taxpayer's MBT liability, whichever is less. Under the bill, the limits are increased as shown in Table 1.

Under the bill, an eligible taxpayer must spend at least \$30.0 million on capital expenditures before January 1, 2011. This amount previously was \$25.0 million.

(For purposes of these credits, an "eligible taxpayer" is any of the following:

- A person who owns and operates a motorsports entertainment complex and has at least two days of motorsports events each calendar year that are comparable to NASCAR Nextel Cup events held in 2007 or their successor events.
- A person who is the lessee and operator of a motorsports entertainment complex or the lessee of the land on which such a complex is located and operates that complex.
- A person who operates and maintains a motorsports entertainment complex under an operation and management agreement.)

Table 1

Tax year	Maximum Amount of the Credit	
	Previous	New
2008 - 2010	\$1.7 million	\$2.1 million
2011	\$1,180,000	\$1,580,000
2012	\$650,000	\$1,050,000

In addition to this credit, for the 2009 tax year, the Act allows an eligible taxpayer to claim an MBT credit equal to 50% of the amount of necessary expenditures incurred, including any professional fees, additional police officers, and any traffic management devices, to ensure traffic and pedestrian safety while hosting the requisite motorsports events each calendar year. For

The bill took effect on January 16, 2009.

MCL 208.1409

Legislative Analyst: Craig Laurie

FISCAL IMPACT

This bill will increase the cost of the Michigan business tax motor sports entertainment complex capital expenditure credit by an estimated \$0.3 million in FY 2008-09, \$0.4 million each year from FY 2009-10 through FY 2011-12, and \$0.1 million for FY 2012-13. This assumes that the motor sports business for which this credit is intended will invest the required \$30.0 million on capital expenditures before January 1, 2011, and will have a tax liability of at least \$2.1 million in 2009 and 2010, \$1.58 million in 2011, and \$1.05 million in 2012. The loss in Michigan business tax revenue under this bill will reduce General Fund revenue and will have no direct impact on local governments.

Fiscal Analyst: Jay Wortley

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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.