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BILL ANALYSIS



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Senate Bills 1309 and 1310 (as reported without amendment)
Sponsor: Senator Randy Richardville
Committee: Economic Development and Regulatory Reform

CONTENT

Senate Bill 1309 would amend the Michigan Business Tax Act to allow a taxpayer who was a dentist to claim a credit against the tax equal to 100% of the costs incurred during a tax year for the purchase and installation of each dental amalgam separator or \$3,000 for each dental amalgam separator purchased and installed during a tax year, whichever was less, if the taxpayer, within one year before or after the effective date of Senate Bill 1310, purchased a dental amalgam separator and installed it on a wastewater drain in the dental office that was used to discharge dental amalgam, as required by the Public Health Code (under Senate Bill 1310).

If the amount of the credit allowed for the tax year exceeded the dentist's tax liability for that tax year, the excess could not be refunded, but could be carried forward as an offset to the tax liability in subsequent tax years.

Senate Bill 1310 would amend the Public Health Code to do the following:

- Require a dentist, by December 31, 2013, to install or have installed and use a separator on each wastewater drain in the dentist's office that was used to discharge dental amalgam.
- Require a separator to have an efficiency of at least 95%.
- Require the Michigan Board of Dentistry, within 90 days after the bill's effective date, to promulgate rules regarding best management practices for dental amalgam collection, disposal, and recycling, and the retention and inspection of related dental records.
- Allow the imposition of administrative sanctions for a violation of the bill or a rule promulgated under it.
- Prohibit a local unit of government from enacting, adopting, or enforcing a conflicting, additional, or different ordinance or regulation.

The bill would apply to dentists who use and dentists who remove dental amalgam. It would not apply to oral and maxillofacial surgeons, oral and maxillofacial radiologists, oral pathologists, orthodontists, periodontists, or dentists providing services in a dental school or a hospital.

The bills are tie-barred.

Proposed MCL 208.1461 (S.B. 1309)
Proposed MCL 333.16631 (S.B. 1310)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Senate Bill 1309 would generate a one-time loss in Michigan business tax revenue equal to an estimated \$5 million to \$7 million. This loss in revenue most likely would reduce revenue in both FY 2008-09 and FY 2009-10; however, how this loss in revenue would be distributed between these two fiscal years is difficult to estimate. Under Senate Bill 1309, the credit would be based on expenditures for amalgam separators incurred by dentists during the period beginning one year before the effective date of Senate Bill 1310 through one year after that effective date. Assuming these bills were to become law immediately and that most of the expenditures for amalgam separators would be incurred by dentists after these bills would go into effect, then it is estimated that about one-third of the cost of this credit would affect FY 2008-09 and about two-thirds of the cost of this credit would affect FY 2009-10. On the other hand, if these bills were to become effective late in 2008, then the loss in revenue due to this credit primarily would affect FY 2009-10.

The Michigan Business Tax Act already provides an investment tax credit equal to 2.9% of the cost of tangible assets incurred during the tax year. A dentist who purchased an amalgam separator therefore would receive an investment tax credit equal to 2.9% of the cost of the amalgam separator. If the tax credit proposed in this bill were to cover 100% of the cost of the amalgam separator, then the dentist would receive total credits equal to 102.9% of the cost of the amalgam separator.

The loss in revenue under this bill would reduce the General Fund/General Purpose budget. The bill would have no direct impact on local governments.

Senate Bill 1310 would have a small, indeterminate fiscal impact on the State budget in the form of additional administrative and oversight costs. The Michigan Board of Dentistry would be charged with additional responsibilities, likely leading to a mild increase in expenditures.

Date Completed: 6-12-08

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