



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 392 (Substitute S-2 as passed by the Senate)
Sponsor: Senator Jon Bumstead
Committee: Finance

Date Completed: 3-3-22

CONTENT

The bill would amend the Income Tax Act to decrease the corporate income tax rate, from 6.0% to 3.9%, by January 1, 2022.

The Act currently levies a corporate income tax on every taxpayer with business activity in Michigan or ownership or beneficial interest in a flow-through entity that has business in Michigan unless prohibited under Federal law. The tax is imposed on the corporate tax base, after allocation or apportionment to Michigan, at the rate of 6.0%.

Under the bill, the 6.0% rate would apply through December 31, 2021. On and after January 1, 2022, the rate would be 3.9%.

MCL 206.623

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would reduce State General Fund revenue by approximately \$306.9 million in fiscal year (FY) 2021-22, \$465.5 million in FY 2022-23, and \$490.0 million in FY 2023-24. The dollar reduction in subsequent fiscal years would depend on corporate profits, which are historically volatile, but would represent a reduction of 35% from what would be received under current law.

Fiscal Analyst: David Zin

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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.