



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 392 (as introduced 4-27-21)
Sponsor: Senator Jon Bumstead
Committee: Finance

Date Completed: 5-26-21

CONTENT

The bill would amend the Income Tax Act to decrease the corporate income tax rate, from 6.0% to 4.9%, by January 1, 2022.

The Act currently levies a corporate income tax rate 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, 2020. Beginning January 1, 2021, through December 31, 2021, the rate would be 5.5%, and on and after January 1, 2022, the rate would be 4.9%.

The bill states that it is intended to be retroactive and would apply to all business activity that occurred on and after January 1, 2021.

MCL 206.623

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bill would reduce State General Fund revenue by approximately \$23.0 million in fiscal year (FY) 2020-21, \$217.0 million in FY 2021-22, and \$240.0 million per year in subsequent fiscal years. The estimate assumes the bill is enacted at a date such that only the last quarterly payment received during FY 2020-21 would be affected by the bill. As a result, FY 2021-22 would include the remaining impact from tax year 2021 provisions as well as the impact on estimated payments received during FY 2021-22 under tax year 2022 provisions.

Fiscal Analyst: David Zin

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