

Legislative News



Michigan Business Tax Repeal/Amendment Process Moves Forward

The Michigan State Senate and the Senate Finance Committee are back to work on the MBT. The Senate Committee has jumpstarted the process of making changes, both technical and substantive to the controversial tax.

Among the moving bills are SB 1440 and its tie-barred partner SB 1038. Both bills are very high on the Senate Republican agenda. SB 1440 changes the definition of "federal taxable income" to no longer include a depreciation deduction for certain property and would also decouple part of the federal stimulus from the MBT. SB 1038 would change the definition of gross receipts in a way that would eliminate what the Senate GOP calls a "tax on a tax".

The Senate Committee on Finance is hopeful that introduction of bills to issue small business tax credits for Michigan based business struggling to get credit would soon be on the table. In order for these changes to happen, several key pieces of legislation would have to pass as well as having support from the Treasury Department.

Several other bills suggesting technical changes to the MBT are under review also. House Bills 5938, 5939, and 5941, all of which are supported by the Treasury have been heard by the committee. These bills all deal with fiscal year timing changes and filing dates relevant to Michigan businesses.

With all these changes, it is hopeful that changes to the MBT will take place during the current, lame-duck session. Changes not seen into fruition before January are almost certain to reappear on the 2009 agenda.