



# State and Local Tax Newsletter 2007-8



Ed Kisscorni, CPA/MBA  
edk@ehtc.com

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- Business Structure Reviews
- Allocation and Apportionment Planning
- Combined, Consolidated, & Unitary Planning
- Nexus Studies
- Amended State Tax Returns from IRS Audits
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## GOVERNOR TO SIGN PACKAGE OF BILLS Personal Property Tax Relief / Michigan Business Tax

GRAND RAPIDS, MI – Thursday, July 12, 2007 – This afternoon Michigan's Governor Jennifer Granholm put her signature on a package of five bills that will create the Michigan Business Tax and provide personal property tax relief to Michigan businesses. The centerpiece of the five bill package is Senate Bill 94 which creates the Michigan Business Tax.

Attached to this email newsletter are a narrative of the Michigan Business Tax and a copy of the enrolled bill. EHTC is active in the study and evaluation of the new tax and preparing educational materials for our staff, clients and others. EHTC is available to assist our clients and others to determine the impact of the new tax on their business and to plan for the new tax. The Michigan Business Tax is effective January 1, 2007.

Following is a brief summary of Senate Bill 94, House Bill 4369, House Bill 4370, House Bill 4371 and House Bill 4372

### Senate Bill 94 – The Michigan Business Tax

Senate Bill 94 creates a new tax, known as the Michigan Business Tax, which will replace the Single Business Tax, set to expire on December 31, 2007.

The bill is tied-barred to House Bills 4369-4372 listed below, which will partially exempt commercial and industrial property from the State Education Tax and local school operating taxes.

### House Bill 4369 – Local School Operating Mills

The bill will amend the Revised School Code (MCL 380.1211) to exempt industrial personal property from the 18 school operating mills and to exempt commercial personal property from 12 of the 18 school operating mills.

### House Bill 4370 – State Education Tax

The bill will amend the State Education Tax Act (MCL 211.903) to exempt industrial personal property from the 6-mill state education tax.

Edward S. Kisscorni is the Director of State and Local Taxation with EHTC in Grand Rapids. Ed has over 35 years of experience in Michigan state and local taxation as an auditor with the Michigan Department of Treasury, in the tax department of a large international CPA firm, as a sole practitioner, and in the state and local tax group of a national CPA firm.

He currently serves on the Treasury Business Advisory Group and other organizations.

Ed's practice areas include Consultation and Planning and Litigation Support in the areas of State and Local Taxation and Accountant's Legal Liability.

### STATE AND LOCAL TAX WHITEPAPERS

#### MICHIGAN SINGLE BUSINESS TAX

- History
- Compensation
- Capital Acquisition Deduction
- Agricultural Exemption
- Entities Under Common Control
- Combined or Consolidated Returns
- Jurisdictional Standards
- Apportionment & Allocation
- Foreign Taxpayers
- Small Business Credit
- Investment Tax Credit
- Michigan Economic Growth Authority Credit (MEGA)
- Brownfield Zone Credit
- Renaissance Zone Credit
- Historic Resource Credit

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# State and Local Tax Newsletter

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EHTC's professional team is highly trained to provide technical and consulting services in the areas of accounting, taxes, and strategic planning to nonprofit, profit and service organizations and related entities.

Minimizing your tax liability requires careful, advance planning rather than preparing tax returns as deadlines near. Our tax professionals provide complete tax services and are assisted by our extensive tax library and the latest technology.

We pay careful attention to your unique circumstances such as your current requirements and your plans for the future. We then recommend a plan that best suits your needs while minimizing financial risk.

### House Bill 4371 – Industrial Facilities Tax

The bill will amend the Plant Rehabilitation and Industrial Development Act (MCL 207.564 and 207.564a) to exempt industrial personal property subject to the Industrial Facilities Tax from that portion of the IFT attributable to the 18 school operating mills and the State Education Tax.

### House Bill 4372 – General Property Tax

The bill would amend the General Property Tax Act (MCL 211.9k) to specify that commercial and industrial personal property would be exempt from school taxes as provided in HB 4369 and HB 4370. The bill adds, "it is the intent of the legislature to address potential revenue shortfalls for the payment of tax increment financing obligations that may result from the exemptions provided by this amendatory bill and to evaluate the impact of this exemption on tax increment financing projects in the future."

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- Compliance Agreements
- Michigan Use Tax
- Exemption Documentation Requirements
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- Contractor vs. Retailer
- Service vs. Tangible Personal Property
- Industrial Processing
- Extractive Operations
- Containers, Cartons & Wrapping Materials
- Health Care
- Computer Software
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Echelbarger, Himebaugh, Tamm & Co., P.C.  
5136 Cascade Rd. SE, Ste. 2A  
Grand Rapids, MI 49546  
616-575-EHTC (3482)  
[www.ehtc.com](http://www.ehtc.com)