



MICHIGAN
HOUSE OF REPRESENTATIVES
P.O. Box 30014
LANSING, MICHIGAN 48909-7514

MINUTES OF THE COMMITTEE
ON
TAX POLICY

Wednesday, April 27, 2016 10:30 a.m. Room 521, House Office Building

The House Committee on Tax Policy was called to order by the Chairman, Representative Jeff Farrington.

Members present: Representatives Farrington, Maturen, Somerville, Yonker, Howrylak, Chatfield, Glenn, Iden, Webber, Townsend, Clemente, LaVoy, and Byrd.

Members absent/excused: None.

Representative Maturen moved to adopt the minutes from the Wednesday, April 20, meeting.

There being no objection, the motion prevailed by unanimous consent.

The Chair laid before the committee SB 606:

SB 606 (Shirkey) Property tax; principal residence exemption; exemption from tax levied by local school district for school operating purposes; extend to include military service members temporarily residing elsewhere due to military deployment.

Representative Webber moved to report SB 606 with recommendation.

The motion prevailed by a vote of 13-0-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Farrington, Maturen, Somerville, Yonker, Howrylak, Chatfield, Glenn, Iden, Webber, Townsend, Clemente, LaVoy, and Byrd.

NAYS: None.

PASS: None.

The Chair laid before the committee HB 5557:

HB 5557 (Farrington) Corporate income tax; other; election to file a return under the Michigan business tax under certain circumstances; provide for.

Chairman Farrington explained the substitute (H-1) to the committee

Representative Maturen moved to adopt the substitute (H-1) to HB 5557.

The motion prevailed by a vote of 13-0-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Farrington, Maturen, Somerville, Yonker, Howrylak, Chatfield, Glenn, Iden, Webber, Townsend, Clemente, LaVoy, and Byrd.

NAYS: None.

PASS: None.

Representative Townsend offered the following amendment to HB 5557 (H-1):

1. Amend page 4, line 3, by striking out all of enacting section 2 and inserting:
"Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:
(a) House Bill No. 4333.
(b) House Bill No. 4334.
(c) House Bill No. 5558."

Representative Townsend moved to adopt the amendment to HB 5557 (H-1).

The motion failed by a vote of 2-8-3.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Townsend and LaVoy.

NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.

PASS: Representatives Howrylak, Clemente, and Byrd.

Representative Townsend offered the following amendment to HB 5557 (H-1):

1. Amend page 4, line 3, by striking out all of enacting section 2 and inserting:
"Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:
(a) House Bill No. 4471.
(b) House Bill No. 4472.
(c) House Bill No. 5558."

Representative Townsend moved to adopt the amendment to HB 5557 (H-1).

The motion failed by a vote of 2-8-3.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Townsend and LaVoy.

NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.

PASS: Representatives Howrylak, Clemente, and Byrd.

Representative LaVoy offered the following amendment to HB 5557 (H-1):

1. Amend page 4, line 3, by striking out all of enacting section 2 and inserting:
"Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:
(a) House Bill No. 4475.
(b) House Bill No. 5558."

Representative LaVoy moved to adopt the amendment to HB 5557 (H-1).

The motion failed by a vote of 4-8-1.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Townsend, Clemente, LaVoy, and Byrd.

NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.

PASS: Representative Howrylak.

Representative Howrylak offered the following amendment to HB 5557 (H-1):

1. Amend page 2, line 24, by striking out all of subsection (5) and inserting:
"(5) A TAXPAYER MAY, ONLY FOR THE FIRST TAX YEAR ENDING AFTER THE EFFECTIVE DATE OF THE ACQUISITION OF THE CERTIFICATED CREDIT OR CREDITS RESULTING FROM THE MERGER, ELECT TO PAY THE TAX IMPOSED BY THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601, IN LIEU OF THE TAX IMPOSED BY THIS PART IF THAT TAXPAYER SATISFIES EACH OF THE FOLLOWING:

(A) THE TAXPAYER ACQUIRED BY MERGER ALL RIGHTS, PRIVILEGES, AND LIABILITIES OF ANOTHER PERSON OR MEMBER OF ANOTHER UNITARY BUSINESS GROUP THAT HAS BEEN APPROVED TO RECEIVE, HAS RECEIVED, OR HAS BEEN ASSIGNED A CERTIFICATED CREDIT UNDER SECTION 431, 435, OR 437 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1431, 208.1435, AND 208.1437, THAT HAS NOT BEEN FULLY CLAIMED OR PAID PRIOR TO THE EFFECTIVE DATE OF THE MERGER, AND THAT PERSON HAS FILED A RETURN OR HAS BEEN INCLUDED IN A COMBINED RETURN FILED BY ANOTHER UNITARY BUSINESS GROUP AND PAID THE TAX IMPOSED BY THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601, FOR A TAX YEAR ENDING AFTER DECEMBER 31, 2011, IN LIEU OF THE TAX IMPOSED BY THIS PART, IN ORDER TO CLAIM THAT CERTIFICATED CREDIT.

(B) NEITHER THE ACQUIRING TAXPAYER NOR THE PERSON OR MEMBER OF A UNITARY BUSINESS GROUP WHOSE EXISTENCE WAS TERMINATED BY MERGER HAS ANY OUTSTANDING NOTICES OF VIOLATION OR UNRESOLVED ENFORCEMENT CASES BY ANY STATE OR FEDERAL

AGENCY.

(C) IF THE ACQUIRING TAXPAYER OR THE PERSON OR MEMBER OF A UNITARY BUSINESS GROUP WHOSE EXISTENCE WAS TERMINATED BY MERGER IS LOCATED IN A LIKELY DISPARATE AIR POLLUTION IMPACT AREA, THE TAXPAYER SHALL HAVE A SIGNED AGREEMENT WITH A GROUP OF REPRESENTATIVE COMMUNITY MEMBERS TO CONDUCT AN ANNUAL ASSESSMENT TO DETERMINE THE NEED FOR ADDITIONAL OFF-SITE AIR QUALITY MONITORS AND FOR ADDITIONAL AIR POLLUTION CONTROL EQUIPMENT TO REDUCE EMISSIONS OF SULFUR DIOXIDES AND FINE PARTICULATE MATTER. AS USED IN THIS SUBDIVISION, "LIKELY DISPARATE AIR POLLUTION IMPACT AREA" MEANS ANY ZIP CODE OR COMBINATION OF UP TO 4 ADJACENT ZIP CODES WITHIN WHICH THERE ARE FACILITIES THAT ARE SUBJECT TO AN AGGREGATE OF 30 OR MORE AIR POLLUTION PERMITS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY.

(6) A TAXPAYER THAT ELECTS UNDER SUBSECTION (5) TO PAY THE TAX IMPOSED BY THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601, FOR A TAX YEAR ENDING BEFORE THE ENACTMENT DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION AND FOR WHICH THE TAXPAYER HAS ALREADY FILED A RETURN UNDER THIS PART SHALL FILE AN AMENDED RETURN FOR THAT TAX YEAR AND EACH TAX YEAR THEREAFTER, IF APPLICABLE, AND FILE AN ORIGINAL RETURN AS PROVIDED UNDER SECTION 505 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1505. AN ELECTION UNDER THIS SUBSECTION SHALL CONTINUE FOR THE PERIOD PRESCRIBED IN SECTION 500 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1500." and renumbering the remaining subsection.

Representatives Stephanie Chang and George Darany testified in support of Representatives Howrylak's amendment.

Representative Howrylak moved to adopt the amendment to HB 5557 (H-1).

The motion failed by a vote of 5-8-0.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Howrylak, Townsend, Clemente, LaVoy, and Byrd.

NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.

PASS: None.

The following people submitted a testimony card in opposition to HB 5557 and HB 5558, but did not wish to speak:

Kara Cook, representing the Michigan League of Conservation Voters.

James Clift, representing the Michigan Environmental Council.

Lydia Fischer, representing the Sierra Club Michigan Chapter.

Representative Maturen moved to report HB 5557 as substitute (H-1), with recommendation.

The motion prevailed by a vote of 8-5-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Farrington, Maturen, Yonker, Iden, Webber, Clemente, LaVoy, and Byrd.

NAYS: Representatives Somerville, Howrylak, Chatfield, Glenn, and Townsend.

PASS: None.

The Chair laid before the committee HB 5558:

HB 5558 (Kosowski) Michigan business tax; credits; election to file under Michigan business tax rather than corporate income tax act under certain circumstances; provide for.

Representative Maturen moved to adopt the substitute (H-3) to HB 5558.

The motion prevailed by a vote of 13-0-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Farrington, Maturen, Somerville, Yonker, Howrylak, Chatfield, Glenn, Iden, Webber, Townsend, Clemente, LaVoy, and Byrd.

NAYS: None.

PASS: None.

Representative LaVoy offered the following amendment to HB 5558 (H-3):

1. Amend page 12, line 19, by striking out all of enacting section 2 and inserting:
"Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:
(a) House Bill No. 4333.
(b) House Bill No. 4334.
(c) House Bill No. 5557."

Representative LaVoy moved to adopt the amendment to HB 5558 (H-3).

The motion failed by a vote of 4-8-1.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Townsend, Clemente, LaVoy, and Byrd.

NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.

PASS: Representative Howrylak.

Representative Townsend offered the following amendment to HB 5558 (H-3):

1. Amend page 12, line 19, by striking out all of enacting section 2 and inserting:
"Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:
(a) House Bill No. 4474.
(b) House Bill No. 4475.
(c) House Bill No. 5557."

Representative Townsend moved to adopt the amendment to HB 5558 (H-3).

The motion failed by a vote of 2-8-3.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Townsend and LaVoy.
NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.
PASS: Representatives Howrylak, Clemente, and Byrd.

Representative LaVoy offered the following amendment to HB 5558 (H-3):

1. Amend page 12, line 19, by striking out all of enacting section 2 and inserting:
"Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:
(a) House Bill No. 4474.
(b) House Bill No. 5557."

Representative LaVoy moved to adopt the amendment to HB 5558 (H-3).

The motion failed by a vote of 4-8-1.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Townsend, Clemente, LaVoy, and Byrd.
NAYS: Representatives Farrington, Maturen, Somerville, Yonker, Chatfield, Glenn, Iden, and Webber.
PASS: Representative Howrylak.

Representative Maturen moved to report HB 5558 as substitute (H-3), with recommendation.

The motion prevailed by a vote of 8-5-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Farrington, Maturen, Yonker, Iden, Webber, Clemente, LaVoy, and Byrd.
NAYS: Representatives Somerville, Howrylak, Chatfield, Glenn, and Townsend.

PASS: None.

The Chair laid before the committee:

HB 5578 (Maturen) Property tax; tax tribunal; certain tribunal determinations in assessment disputes as to the valuation of property; require.

Representative Maturen testified in support of his bill.

Marty Marshall and Mickey Knight, representing the Michigan Assessors Association, testified in support of HB 5578.

Tricia Kinley, representing the Michigan Chamber of Commerce, and Dan Stanley, representing Honigman, testified in opposition to HB 5578.

The following people submitted a testimony card in support of HB 5578, wishing to speak:

Judy Allen, representing the Michigan Townships Association.

Chris Hackbarth, representing the Michigan Municipal League.

Steve Currie.

Jack Van Coevering.

Michael Lohmeier.

Joe Derocha, representing Marquette County.

Amy Drumm, representing the Michigan Retailers Association, submitted a testimony card in opposition to HB 5578, wishing to speak.

Brian Westrin, representing the Michigan Realtors, submitted a testimony card with no formal position on HB 5578, wishing to speak.

The following people submitted a testimony card in support of HB 5578, but did not wish to speak:

Scott Erbisch, representing Marquette County.

Dennis Olson, Charter Township of Breitung Supervisor.

Gerry Corkin, representing Marquette County.

Representative Scott Dianda.

Kent Wood, representing the Traverse City Area Chamber of Commerce.

Amy Clickner, representing the Lake Superior Community Partnership.

Gail Madziar, representing the Michigan Library Association.

Gary Owen, representing the Macomb County Executive Office.

Emily Laidlaw, representing the Michigan Association of Intermediate School Administrators.

Brad Biladeau, representing the Michigan Association of School Administrators.

Rusty Merchant, representing the West Michigan Talent Triangle.

Stephanie Johnson, representing Canton Township.

Daryl Delabbio, representing the Kent County Commission.

Jennifer Smith, representing the Michigan Association of School Boards.
Howard Ryan, representing the Michigan Department of Treasury.
Dr. David Michelson, representing the Michigan Education Association.
Don Olendorf, representing Small and Rural Schools.
Jerry Johnson, representing the Calhoun Intermediate School District.

The following people submitted a testimony card in opposition to HB 5578, but did not wish to speak:

Kurt Berryman, representing the Auto Dealers of Michigan.
Linda Gobbler, representing the Michigan Grocers Association.

There being no further business before the committee and seeing no objection, the Chair adjourned the meeting, the time being 12:00 p.m.

Representative Jeff Farrington, Chair

Date Approved and Signed

Kevin Gawronski
Committee Clerk
April 27, 2016
1 hour 30 minutes