

Proposed “Michigan Business Tax” will not be Voted on until 2007

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Despite Governor Jennifer Granholm’s (D) goal to push her proposed Michigan Business Tax (“MBT”) through the legislative “lame duck” session, it is not going to happen. In the last few days, majority leadership in both the House and Senate have announced that consideration of the MBT will take place in 2007.

Since Governor Granholm announced her MBT proposal on November 29, sentiment has grown among political leaders and business interest groups alike that it would be a mistake to push the MBT through the “lame duck” session and that the MBT should be seriously and fully analyzed before it is voted on.

Some business interest groups, such as the Michigan Chamber of Commerce, believe that the proposal raises constitutional concerns. In particular, the portions of the MBT receiving the most scrutiny include the following: a tax on assets, a relatively new taxation concept; a throwback provision; no defined nexus standards; lack of transitional rules; and an increase to the gross receipts tax rate to .375 should either of the other two provisions fail upon final court review.

For more information contact our State and Local Tax Group.