

Governor Snyder's Tax Plan on Legislative Fast Track

April 27, 2011

Substitutes H-1 for HB 4361 and HB 4362, which implement Governor Snyder's tax plan, were introduced in the House of Representatives yesterday. This morning, the House Tax Policy Committee reported on the substitute bills. They are expected to be considered by the House and Senate this week.

Even though the Governor's Administration is seeking "no amendment" pledges from business interest organizations, including the Michigan Chamber of Commerce, certain amendments will likely still be considered. The substitute bills would do the following:

- Eliminate the Michigan Business Tax;
- Adopt a 6% corporate income tax effective January 1, 2012, applicable to C-corporations only;
- Maintain a 4.35% income tax until January 1, 2013, and then reduce the income tax rate to 4.25%;
- Tax public and private pensions; and
- Eliminate, limit and restructure other income tax exemptions.

Legislative Analysis, dated April 27, 2011, summarizes the substitute bills.

For more information, contact one of our State and Local Tax attorneys.