



Michigan Senate

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Senate Majority Leader Bishop and Sen. Cassis introduce “BEST” plan
Business and Economic Stimulus Tax (BEST) to stimulate economic growth and cut the taxes of job providers by nearly \$300 million

LANSING—Senate Majority Leader Mike Bishop and Sen. Nancy Cassis announced today a comprehensive plan to rejuvenate Michigan’s economy and cut taxes for job providers.

The Business and Economic Stimulus Tax (BEST) proposal, sponsored by Cassis, will stimulate economic growth, expand jobs and increase business investment by cutting the taxes of Michigan’s job providers by \$290 million.

A major lynchpin of the legislation is the choice of taxation it offers. Businesses with gross receipts between \$350,000 and \$15 million will have the ability to choose to pay either a modified gross receipts tax or a business income tax.

“Today, Senate Republicans are showing leadership to move Michigan forward and spur economic development,” said Bishop, R-Rochester. “The BEST plan is the culmination of four years of hearings, testimony from hundreds of individuals, and input from both the House and Senate. BEST takes the good features of several recent proposals, improves upon them, and delivers an economic development plan that positions Michigan for the future.”

Senate Bills 94-96 replace \$1.51 billion of the \$1.8 billion generated by the SBT. The plan provides a cap on future revenue growth and spending to ensure that government lives within its means.

“Michigan can’t wait any longer; we need to implement the BEST plan to provide relief for taxpayers and renewal of our languishing economy,” said Cassis, R-Novi, chair of the Senate Finance Committee. “My proposal is fair and balanced; it is broad-based; it provides a meaningful tax cut as well as incentives for businesses to expand in the state. And BEST does not penalize companies for hiring workers and providing them with benefits.”

The bills give job providers a choice in how they structure their tax liability to ensure necessary revenue for the state while at the same time maximizing a business’s competitive position. Under the plan, new industrial personal property will not be taxed. And BEST provides a 10 percent Personal Property Tax credit for property acquired within the previous five years. This deals with the most pervasive barrier to job development by exempting personal property tax for manufacturing.

“This personal property tax exemption is a call to the auto industry and other manufacturers to come home to Michigan,” said Cassis. “The exemption also recognizes the value of technology by rewarding firms that invest in machinery and equipment that is more productive, more technologically sophisticated and more environmentally friendly.”

BEST also includes a “Michigan Entrepreneurial Exemption,” or M-E2, that helps small businesses and ensures that firms under \$25 million in gross receipts pay no taxes for up to three years if the firm or business meets certain job growth and investment criteria. This exemption encourages small-business growth.

SBs 94-96 have been sent to the Senate Finance Committee for consideration.

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For additional details about the BEST plan, please see the fact sheet below.

“BEST” (BUSINESS AND ECONOMIC STIMULUS TAX) FACT SHEET

The Business and Economic Stimulus Tax (BEST) plan is fair and broad-based, offering incentives for businesses to expand in Michigan.

The BEST plan includes these features:

- **Stimulus for Economic Growth**
BEST creates a fair, equitable tax structure, allowing companies to expand, encouraging new economic development and providing a strong incentive for businesses to come back home to Michigan. The plan gives a much-needed boost to Michigan’s lagging economy.
- **Calling Businesses & Jobs Back Home**
It’s time to call Michigan businesses and jobs back home. The BEST plan addresses the greatest barrier to job development by exempting personal property tax for manufacturing.
- **Broad-Based/Low Rate**
The BEST plan involves a reasonable business income tax and a mix of gross receipts tax— firms with gross receipts between \$100,000 and \$350,000 will pay a \$100 fee and firms under \$100,000 will pay nothing.
- **Tax Relief for Job Providers**
The BEST proposal *cuts* the taxes of job providers by \$290 million. It replaces \$1.51 billion of the \$1.8 billion generated by the SBT.
- **Protects Michigan Businesses**
BEST provides a cap on future revenue growth and spending to ensure that government lives within its means.
- **The BEST of All Plans**
The Business and Economic Stimulus Tax proposal integrates the best elements of plans put forth by key business groups, job providers and the academic community. It creates consensus and offers a substantial and competitive improvement from the current state of business taxation in Michigan.
- **Personal Property Tax Relief**
New industrial personal property will not be taxed. BEST provides a 10 percent Personal Property Tax credit for property acquired within the previous five years.
- **Significant Exemption for Small Businesses**
BEST includes a “Michigan Entrepreneurial Exemption,” or M-E 2, that helps small businesses. Firms under \$25 million in gross receipts *will pay no taxes for up to three years* if the firm or business meets certain job growth and investment criteria. This exemption encourages small-business growth.
- **Provides Choice for All Businesses**
This proposal requires *all* Michigan businesses to participate, while giving them a choice. It allows them to structure their tax liability so it provides necessary revenue for the state while maximizing competitiveness.