

LEGISLATIVE REVIEW DIRECTORSHIP REPORT

May 2005

I. PUBLIC ACTS

- A. Public Act 131 of 2003. Revises the reference in the Tax Tribunal Act from “homestead exemption” to “principal residence exemption”. Effective January 1, 2004. See also Public Act 140 of 2003 which revises the General Property Tax Act to replace the term “homestead” with the term “principal residence.” Various other statutes have been/may be amended to revise the definition of “homestead exemption” to “principal residence exemption.” Effective January 1, 2004.
- B. Public Act 215 of 2003: Repeals Public Act 285 of 1925 and creates the “Credit Union Act” to provide for the regulation of credit unions. Effective June 1, 2004
- C. Public Act 265 of 2003: Amends the Michigan Broadband Development Authority Act to require that priority be given to the application of any broadband developer who applied to develop broadband capability within a “recovery zone” designated in the Michigan Renaissance Zone Act. Effective January 5, 2004.
- D. Public Acts 266 and 273 of 2003: Amends various statutes to permit the designation of up to 20 tool and die renaissance recovery zones, allows certain tool and die, machine tool and molding companies to claim a single business tax credit of up to \$4,000 for the costs of training an apprentice, allows a taxpayer who purchased personal property from a qualified tool and die business to claim an SBT credit equal to the amount paid for the property, provides grants for broadband infrastructure, expands personal property tax exemption for special tools, provides that the depreciation of personal property used to develop tool and die products could not be less than allowed under the Internal Revenue Code, exempts from the use tax a construction contractor’s labor cost to manufacture, fabricate, or assemble personal property before affixing it to real property, and gives skilled trade associations access to school facilities to provide information about apprenticeship programs. Effective January 5, 2004 and January 8, 2004, respectively.
- E. Public Act 277 of 2003: Amends the Brownfield Redevelopment Financing Act to revise the Act’s definition of “initial taxable value”. The bill would refer to the taxable value of eligible property identified in a brownfield plan as shown *either* by the most recent assessment roll (as currently provided) or, if provided by the brownfield plan, by the next assessment roll for which equalization would be completed following the date the resolution adding the property in the plan was adopted. Effective January 8, 2004.

- F. Public Act 295 of 2003: Amends the Income Tax Act to allow an income tax credit, for tax years beginning after 2009 and before 2020, for a “claimant” or for a taxpayer to whom a certificate and remaining single business tax (SBT) credit amount had been transferred under the SBT Act. Effective January 8, 2004.
- G. Public Act 296 of 2003: Creates the “Michigan Early Stage Venture Capital Investment Act” to require that, within one year after the bill’s effective date, the “Michigan Early Stage Venture Capital Investment Corporation” be established, a fund manager be hired, an investment plan be established, and funds be solicited and available for investment consistent with that plan. The Corporation would have to create the “Michigan Early Stage Venture Capital Investment Fund”. Money in the Fund could be invested in venture capital companies to promote investment in qualified businesses. Also amends the Single Business Tax Act to specify that, for tax years beginning after 2008 and before 2020, a taxpayer that was an investor could claim an SBT credit equal to the amount determined and certified under Senate Bill 834. For tax years beginning after 2009, if a credit against the SBT or a successor tax were not allowed, the taxpayer could transfer the credit to a person who could claim an income tax credit. The total amount of all certified SBT credits for all taxpayers for all years could not exceed \$150 million. The total amount of all credits authorized for any one year could not exceed \$30 million. In addition, the Income Tax Act is amended to provide that, for tax years beginning after 2009 and before 2020, a taxpayer to whom a certificate and remaining SBT credit amount had been transferred could claim that credit against the income tax. Effective January 8, 2004.
- H. Public Act 126 of 2004: Adds section 31a to the Single Business Tax Act, and states that a taxpayer that is a qualified start-up business that does not have a profit under a tax year may claim a credit against the tax imposed under the Act for that tax year and any of the four immediately following tax years. Effective May 28, 2004.
- I. Public Act 212 of 2004: Amends Section 9-501 of the Uniform Commercial Code (MCL 440.9501), requiring that the Secretary of State provide written notice of the filing of financing statements. Allows debtors named in fraudulent financing statements to bring actions against those filing such statements. It also makes the filing of fraudulent financing statements a misdemeanor punishable by imprisonment, fines, or both. Effective July 14, 2004.
- J. Public Act 251 of 2004: Amends the Obsolete Property Rehabilitation Act to provide that, upon application for an exemption from the obsolete properties tax by a qualified start-up business, the governing body of a local tax collecting unit could adopt a resolution to exempt a rehabilitated facility of the business from the collection of the tax in the same manner and under the same terms and conditions as provided for the exemption in PA 252 of 2004. Effective July 23, 2004.
- K. Public Act 252 of 2004: Amends the General Property Tax Act to exempt the real and personal property of a qualified start-up business from taxes levied under the

Act after December 31, 2004, for up to five years, if the business applied for the exemption and the governing body of the local tax collection unit or, for taxes levied by the county, the County Board of Commissioners, adopted a resolution approving the exemption. Effective July 23, 2004.

- L. Public Acts 302 and 301 of 2004: Allows a taxpayer to claim a credit against its SBT Tax in an amount equal to 50% of the fair market value of an automobile donated by the taxpayer to a qualified organization that intends to provide the automobile to a qualified recipient. Effective July 23, 2004.
- M. Public Acts 312 and 313 of 2004: Allows a taxpayer to claim a credit against income tax in an amount equal to 50% of the fair market value of an automobile donated to a qualified organization that intends to provide the automobile to a qualified recipient. Effective August 27, 2004.
- N. Public Acts 321-324 of 2004: The Acts were part of a package of bills exempting qualified start-up businesses from certain taxes, with local approval. PA 321 amends the Technology Park Development Act to provide for an exemption from the technology park facilities tax, which is levied upon every owner and every user or occupant, if known, of a facility to which a certificate is issued under the Act. PA 322 amends the City Utility Users Tax Act to exempt a qualified start-up business from the tax imposed by the City of Detroit on intrastate telephone communications services, electrical energy, steam and natural and artificial gas provided by a public utility or a resale customer. PA 323 amends the Plant Rehabilitation and Industrial Development Act to create an exemption from the industrial facilities tax for a speculative building, new facility or replacement facility owned or operated by a qualified start-up business. PA 324 amends PA 189 of 1983 to allow an exemption, for taxes levied after December 31, 2004, for real and personal property of a qualified start-up business from the lessee-user tax if the business applies for an exemption and the governing body of the local tax collecting unit adopts a resolution approving the exemption. Effective August 27, 2004.
- O. Public Act 461 of 2004: Amends the Michigan Consumer Protection Act to prohibit issuing or delivering to a consumer a receipt that displayed any part of a credit or debit card's expiration date or more than the last four digits of the consumer's account number, if a credit card or debit card were used for payment in a consumer transaction. Effective March 1, 2005.
- P. Public Act 462 of 2004: Amends the Michigan Consumer Protection Act, making it unlawful to require a consumer to disclose his or her Social Security number as a condition of sale, unless the transaction involved an extension of credit or disclosure was required or authorized by law. Effective March 1, 2005.
- Q. Public Act 471 of 2004: Amends the Credit Union Act to require domestic credit unions to follow generally accepted accounting principles, extend certain requirements regarding credit union directors and supervisory or credit committee

members to members of other credit union committees, reduce the minimum base fee used to determine a credit union's annual operating fee, require consideration of certain factors in establishing interest rates on loans, extend prohibitions against more favorable loan rates or terms for credit union officials to people who had business relationships with credit union officials, limit the amount a credit union can loan a borrower or its affiliates, revise notice requirements for a credit union's conversion to another type of financial institution. Effective December 28, 2004.

- R. Public Act 558 of 2004: Amends PA 236 of 1961 ((MCL 600.934), to permit non-residents of the United States to become members of the Michigan State Bar. Effective January 3, 2005.

II. NEW BILLS AND STATUS OF PENDING BILLS

- A. Senate Bill 14 of 2005: Would amend the income tax act to provide a \$1,000 tax credit to taxpayers purchasing alternative energy vehicles. The Bill was referred to the Committee on Finance on January 12, 2005.
- B. Senate Bill 16 of 2005: Would introduce the "Check Cashing Licensing Act," requiring any person or entity, with the exception of certain banks, credit unions, and governmental entities, to obtain a license under the Act before engaging in the business of check cashing. The Bill was referred to the Committee on Banking and Financial Institutions on January 12, 2005.
- C. Senate Bill 114 – 115 of 2005: Would add provisions to the Business Corporation Act and Michigan Limited Liability Act with regard to converting business entities, including the transfer of any unexpired certificate of assumed name held by the converting entity. Referred to the Committee on Commerce and Labor on February 1, 2005.
- D. Senate Bill 127 of 2005: Would introduce the "Michigan Telecommunications Act," which would preclude cellular or mobile telecommunication service providers from providing, selling or including customer numbers with directory assistance without obtaining customer consent. Referred to the Committee on Technology and Energy on February 1, 2005.
- E. Senate Bill 157 of 2005: Would amend the Single Business Tax Act to include in the tax base any settlement amount paid pursuant to an agreement with a state or federal governmental agency based on questionable practices related to stock or securities transactions to the extent that amount was deducted in determining taxable income. This would apply to tax years beginning after December 31, 2003. Deductions taken in 2002 or 2003 tax years would be added to 2004 tax year only. Referred to the Committee on Finance on February 3, 2005.
- F. Senate Bill 164 of 2005: Would introduce the "Deferred Deposit Loan Act," which requires a person or entity, with the exception of certain banks, credit unions and governmental entities, to obtain a license under the Act before

providing deferred deposit loans for consideration. Referred to the Committee on Banking and Financial Institutions on February 3, 2005.

- G. Senate Bill 176 of 2005: Would introduce the “Money Transmission Services Act”, which regulates money transmission service businesses and requires licensing of persons engaged in providing money transmission services. Referred to Committee on Banking and Financial Institutions on February 9, 2005.
- H. Senate Bill 298 of 2005: Would amend the Business Corporation Act to allow a qualified high-technology business to apply for an exemption from fees charged under the Act for additional authorized shares, for up to eight consecutive tax years or tax years in which the business had under \$10 million in gross revenue. Placed on order of third reading with substitute S-1 on May 18, 2005.
- I. Senate Bill 303 of 2005: Would amend the Management and Budget Act to require the Department of Management and Budget to give a preference to a qualified disabled veteran of up to 10% of the amount of a competitively bid contract for items needed by state agencies. A “qualified disabled veteran” would mean a business entity that is 51% or more owned by one or more veterans with a service-connected disability. “Service-connected disability” would mean a disability incurred or aggravated in the line of duty in the active military, naval or air service. Passed Senate May 12, 2005, referred to House Committee on Veterans Affairs and Homeland Security May 17, 2005.
- J. Senate Bill 494 of 2005: Would amend the Michigan Consumer Protection Act to preclude businesses from charging an amount for gasoline during an emergency period that exceeds the average price at which gasoline was readily obtainable within the emergency area during a seven day period preceding the emergency period. The Attorney General would provide statistical information and investigate any complaint alleging a violation of the law. Referred to Committee on Government Operations on May 11, 2005.
- K. House Bill 4052 of 2005: Would prohibit the sale of cellular telephones and pagers to certain minors without written parental consent and prescribes civil sanctions. Referred to Committee on Judiciary on January 27, 2005.
- L. House Bill 4087 of 2005: Would enact the “Liquidation Sale Licensing Act,” which would require one who intends to conduct a regulated sale or advertises, represents or holds out that a sale of goods is an insurance, bankruptcy, mortgage, insolvency, assignee’s, executor’s, administrator’s, receiver’s, trustee’s, removal, or going-out-of-business sale or a sale of damaged goods, to first obtain a license from the county clerk. Referred to Committee on Regulatory Reform on February 1, 2005.
- M. House Bill 4128 of 2005: Would amend the Single Business Tax Act so that, for a period of three consecutive tax years beginning with the first year of operation,

qualified businesses shall have no tax liability for tax years beginning after December 31, 2005. Referred to Committee on Tax Policy on February 1, 2005.

- N. House Bill 4232: Would amend the Michigan Consumer Protection Act to require a seller of retail goods to provide notice to consumers of the seller's return policy by posting the policy in a conspicuous place visible to the public in the premises where the goods are sold and by printing the return policy on the sale receipt. Referred to Committee on Commerce on February 8, 2005.
- O. House Bills 4279 and 4280 of 2005: Would amend the Use Tax Act and General Sales Tax Act to exempt previously owned vehicles from taxes levied under the Acts. Referred to Committee on Tax Policy on February 15, 2005.
- P. House Bill 4343 of 2005: Would amend the Consumer Mortgage Protection Act to change its name to the "Home Loan Protection Act" and impose new restrictions on home loans. Referred to Committee on Banking and Financial Services on February 17, 2005.
- Q. House Bills 4450 – 4454 of 2005: Would amend various statutes to provide that the Secretary of State's receipt of an application for a certificate of title on which a security interest in a vehicle, watercraft, or off-road vehicle was indicated, would be a perfection of a security interest and equivalent to the filing of a financing statement under the Uniform Commercial Code. Also, the filing of an application under the Mobile Home Commission Act for a certificate of title indicating a security interest in a mobile home would be required to perfect the security interest and would be equivalent to the filing of a financing statement under the Uniform Commercial Code. Presented to the Governor on May 16, 2005.
- R. House Bill 4529 of 2005: Would create the Michigan Prescription Drug Fair Pricing Act to allow prescription drug manufacturers and labelers to enter into rebate agreements with the Department of Community Health, and would establish a prescription program to provide discounted prescription drug prices to uninsured and underinsured residents of Michigan and to residents of Michigan who are recipients of benefits under the state Medicaid program.

Respectfully submitted,

Eric I. Lark
Kerr, Russell and Weber, PLC