

## New 15% SBT Credit for Industrial Personal Property Taxes & New Apportionment Factors

### Program Description

New legislation allows Michigan companies to claim a refundable 15% Single Business Tax (SBT) credit for property taxes paid on industrial personal property for a 4-year period, 2006 – 2009.

The tax credit applies to tangible personal property that is classified as industrial personal property in the local jurisdiction where it is located. The credit addresses the property taxes associated with the General Property Tax Act, the Industrial Facilities Tax (PA198), OPRA, and reimbursement payments made under contract relative to Renaissance Zones and other agreements in local distressed communities.

### The Apportionment Changes

The weighting of the apportionment factors under the SBT will change. The sales factor will determine an even greater portion of a company's tax base when filing the tax. Here are the new weighted factors:

Michigan SBT Weighted Apportionment Factors			
	2005	2006 - 2007	2008 & after
Payroll	5%	3.75%	2.5%
Property	5%	3.75%	2.5%
Sales	90%	92.5%	95%

A larger sales factor will tend to encourage out-of-state companies to move more property and payroll to Michigan. Michigan-based firms, especially those with few sales in the state, will benefit from the shift.

For more information about this program, contact Southwest Michigan First at 269.553.9588.