



LEGISLATIVE BULLETIN

A CHAPTER OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

June 29, 2007

AGC Tax Victory! More Details on New MBT

Resources

- ▶▶ [Calendar of Events](#)
- ▶▶ [Legislative Tracking](#)
- ▶▶ [Midweek Briefing Back Issues](#)

The new Michigan Business Tax was passed last night (June 28) by both the House and Senate. The new MBT tax rates are 0.8% for gross receipts and 4.95% for business income. The bill includes the AGC-supported full deduction of subcontracts for calculation of gross receipts. The tax is calculated on gross receipts less purchases from other firms.

The exact language reads as follows:

(6) *"Purchases from other firms" means all of the following . . .*

(e) For a person included in major groups 15, 16 and 17 under the Standard Industrial Classification code as compiled by the United States Department of Labor that does not qualify for a credit under section 417, payments to subcontractors for a construction project under a contract specific to that project.

AGC again expresses gratitude to both House and Senate Legislative Leadership, Treasury Department and Legislative staff, and the Granholm Administration for the fair treatment of the construction industry in the new MBT.

AGC also wishes to thank our own working group including Ron Hausmann, John Rakolta, Jr., Ben Maibach, Doug Maibach, Gary Benjamin, Kevin Braye, Pete Cavanaugh, Matt Chappelle, Pat Cebelak, Chuck Clark, Vince DeAngelis, Tom Georgoff, Lori Howlett, Todd Ketola, John LaBarge, Ken Lawless, Pat Monea, Tim O'Brien, Matt Pumford and Tony Rohac.

Thanks as well to Mike Nystrom (MITA), Mike Crawford (NECA), Walt Maner (MPMCA) and Sarah Hubbard (Detroit Regional Chamber) for their efforts.

And special thanks to Jim Crawford and his partners at Karoub Associates.

The final bill is [attached here](#) for your review. AGC of Michigan is interested in assessing the bill's impact on members and we can address concerns in the trailer bill that will follow. For instance, if tax bills go up for a company with existing projects we may need to ask for a grandfather clause. Please contact Damian Hill (dhill@agcmichigan.org) with details.

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2323 N. Larch, P.O. Box 27005, Lansing, MI 48906