



## Michigan Small Business & Technology Development Center

### A First Look at Michigan's New Business Tax(es)

The long, contentious debate over the Single Business Tax (SBT) in Michigan is over.

Governor Jennifer Granholm signed legislation that would replace the SBT with the Michigan Business Tax (MBT).

Here are the highlights:

- **Replacement taxes:** lawmakers replaced the SBT with a tax on business income and a tax on modified gross receipts
- **Tax base of replacement taxes:** the tax base for the business income tax is federal taxable income; the tax base for the modified gross receipts tax is gross receipts less purchases from other firms
- **Tax rates:** business income is taxed at a rate of 4.96%; modified gross receipts are taxed at a rate of .8%
- **Nexus:** sales into the state alone would not trigger nexus for either tax; rather, the business income component follows the nexus rules in P.L. 86-272, while the modified gross receipts tax imposes nexus if a company has physical presence for one day or actively solicits sales in Michigan
- **Apportionment:** both the business income and the modified gross receipts tax would require businesses to apportion taxable activity to Michigan based on their sales in Michigan compared to their sales elsewhere

- **Filing status:** taxpayers would have to file both taxes based on the unitary business principle, i.e. inter-company transactions would be ignored for purposes of calculating the company's tax base under the MBT
- **Tax incentives:** the MBT would retain most tax incentives that were granted under the SBT, and created new incentives for sports venues, compensation and investment, research and development, the arts, entrepreneurial activity, automobile inventory, and grocery store operators
- **Other tax credits:** two other important tax credits provided are a small business credit that essentially caps the business income tax at 1.8% for companies with less than \$20 million in gross receipts, and a personal property tax credit for industrial and utility personal property
- **Revenue limit:** the bill limits the growth of the MBT by requiring growth above a certain threshold to be split between the state's rainy day fund and taxpayer refunds; the limits apply for only two years and ratchet up allowable growth until 2010 when the revenue limits expire

It should be noted that these are just the highlights. Detailed analysis will have to wait until a later date.  
By: Chris Atkins

Access the entire article at [www.taxfoundation.org](http://www.taxfoundation.org)

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Region 8 of Michigan's MI-SBTDC is hosted by Lansing Community College

### MI-SBTDC CLIENT HIGHLIGHT: Linda Hundt—Sweetie Pie Pantry

Linda Hundt was planning to move from a home-based business to a storefront in downtown Dewitt. With hopes of opening Sweetie Pie Pantry, a sandwich shop and bakery, Linda came to the MI-SBTDC where she met with Business Consultant Tom Donaldson. Tom worked with Linda in preparing multiple-scenario financial projections prior to moving her business downtown. After its opening in November 2005, Tom assisted in reviewing financial performance and setting quarterly goals. At first, the cost of goods was running over budget, so portion control, menu changes, and selected price increases were implemented, putting Sweetie Pie Pantry back on track. Yet several challenges remained, such as how to conduct advertising and promotions while on a very tight budget. Linda proved to be a public relations master, lining up newspaper coverage, magazine articles, and a weekly guest spot on a local radio program.



Sweetie Pie Pantry increased its number of employees from three to 20. And received a loan from National City Bank. Because of her success, Linda Hundt and Sweetie Pie Pantry have been in various publications, one of the largest being December's issue of the Greater Lansing Woman where she was featured as the cover story. Also for her hard work and dedication, Linda was chosen as Region 8 Best Small Business at our Michigan Celebrates Small Business Awards.

Congratulations Linda! Visit her website at <http://www.sweetiepiepantry.com/index.htm>

## Frequently Asked Questions:



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## ow do I find out about suppliers/manufacturers/distributors?

Most suppliers want new accounts. A prime source for finding suppliers is the Thomas Register ([www.thomasnet.com](http://www.thomasnet.com)), which lists manufacturers by categories and geographic area. Most libraries have a directory of manufacturers listed by state. If you know the product line manufacturers, a letter or phone call to the companies will get you the local distributor-wholesaler. In some lines, trade shows are good sources of getting suppliers and looking over competing products.

This Cooperative Agreement is partially funded by the U.S. Small Business Administration. SBA's funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.

## General Business Counseling: Disaster Preparedness

**S**tart the disaster plan by identifying what your operation needs to do to protect itself in the face of a natural disaster. Even if you don't own the building where you do business, take steps to protect your assets.

- Determine what production machinery, computers and other essential equipment is needed to keep your business open. Store extra supplies offsite, and make a plan for a temporary location if your company is forced to relocate after the disaster. Be ready for utility disruptions with a portable generator.
- Find escape routes from the business and establish meeting places. Make sure everyone understands the emergency plan before the storm hits. Designate a contact person to communicate with other employees, customers and vendors.

- Review your insurance coverage to make sure you understand what is not covered. Most policies don't cover flood damage.
- The National Flood Insurance Program provides coverage to property owners. Go to the NFIP Web site at [www.floodsmart.gov](http://www.floodsmart.gov).
- Consider business interruption insurance. It covers operating expenses, like utilities, and compensates you for the income lost after a temporary closure.
- Make back-up copies of all tax, accounting, payroll and production records and customer data on computer hard drives, and store the records at an offsite location at least 100 miles away. Important documents should be saved in fireproof safe deposit boxes.
- To protect your property from wind damage, install impact-resistant windows and door systems, or plywood shutters. Hire a professional

to evaluate your roof to make sure it can weather a major storm.

- Develop a post-disaster communications strategy. Keep current phone numbers for your suppliers, employees, customers, utility companies, local media, and emergency agencies. Appoint a spokesperson to get the word out that your company is still open and on the road to recovery, to dispel rumors of business failure.
- More preparedness tips for businesses, homeowners and renters are available on the SBA's Web site at [www.sba.gov/disaster\\_recov/prepared/getready.html](http://www.sba.gov/disaster_recov/prepared/getready.html). The Institute for Business and Home Safety ([www.ibhs.org](http://www.ibhs.org)) also has information on protecting your home or business. The federal government's preparedness Web site [www.ready.gov](http://www.ready.gov) is another helpful resource.

## Changes at MI-SBTDC Region 8 Office

**T**he Michigan Small Business & Technology Development Center has moved.

Our new office is just one block west of our old Grand Avenue office, at the corner of Washington and Ionia. Our new address is:

MI-SBTDC  
Washington Court Place  
309 N. Washington Sq. – Suite 115  
P.O. Box 40010  
MC: 6400  
Lansing, MI 48933

Washington Court Place



**W**e also have an addition to our staff here at the MI-SBTDC.

Please join us in welcoming our new Senior Business Consultant Gordon Ferguson to our staff.

He has many skills to bring to our staff here. He is an attorney, has worked with start-up businesses, and also has teaching experience. He is married, and has 3 beautiful daughters. He also has 3 great dogs. He has filled the position of our previous Senior Business Consultant Tom Donaldson who has moved up to Regional Director.

His contact information is as follows:

Gordon Ferguson  
Senior Business Consultant  
MI-SBTDC  
309 N. Washington Sq., Ste. 115  
Lansing, MI 48933  
(517) 483-1921

## Upcoming Trainings & Programs:

[www.gvsu.edu/misbt/dc](http://www.gvsu.edu/misbt/dc)

### Trainings

#### **Financials with QuickBooks: Advanced Level**

July 20, 2007  
8:30 AM—5:00 PM  
Cost: \$125 per person or 2 for \$225

#### **E-Commerce: Intro to Online Selling**

September 18, 2007  
6:30 PM—9:30 PM  
Cost: \$50 per person or 2 for \$90

#### **The Successful Marketing Plan**

September 27, 2007  
8:30 AM—12:00 PM  
Cost: FREE

#### **Financials with QuickBooks: Introductory Level**

October 11, 2007  
8:30 AM—5:00 PM  
Cost: \$125 per person or 2 for \$225

#### **How to Finance Your Business**

October 25, 2007  
9:00 AM—11:00 AM  
Cost: FREE

#### **Legal Issues in Starting a Small Business**

November 22, 2007  
6:00 PM—9:00 PM  
Cost: FREE

#### **Creating an Effective Business Plan**

November 27, 2007  
12:30 PM—4:00 PM  
Cost: FREE

### Programs

#### **Evening with the Experts**

October 11, 2007  
6:00 PM—9:00 PM  
Cost: FREE



**To register for PAID  
seminars  
call (517) 483-9853**

**To register for FREE  
seminars  
Call (517) 483-1921**

**or visit [http://  
www.gvsu.edu/misbt/dc](http://www.gvsu.edu/misbt/dc) to  
register online.**

## MI-SBTDC Staff in Region 8

### Regional Center

Tom Donaldson  
Regional Director  
MI-SBTDC — Lansing  
(517) 483-1921

Gordon Ferguson  
Senior Business Consultant  
MI-SBTDC— Lansing  
(517) 483-1921

Kellie Hanford  
Certified Business Consultant  
MI-SBTDC — Lansing  
(517) 483-1921

Adrienne Jenkins  
Administrative Assistant  
MI-SBTDC — Lansing  
(517) 483-1921

### Affiliate Offices

Ionia County Economic Alliance  
Diane Smith, Executive Director  
545 Apple Tree Dr.  
Ionia, MI 48846  
(616) 527-8014

Lansing Community Micro-  
Enterprise Loan Fund  
Denise Peak, Director  
520 W. Ionia Rd.  
Lansing, MI 48933  
(517) 485-4446

Shiawassee Chamber of  
Commerce  
Carol Vaughn, President  
215 N. Water St.  
Owosso, MI 48867  
(989) 723-5149

### Satellite Center

Dennis Whitney  
Satellite Director  
MI-SBTDC — Brighton  
(810) 227-5086

CTFE Clinton Task Force on  
Employment  
George Contompasis, Director  
101 W. Cass, Suite A  
St. Johns, MI 48879  
(517) 224-2000

## Michigan Small Business & Technology Development Center

Lansing Community College  
309 N. Washington Sq., Ste. 115  
PO BOX 40010  
Lansing, MI 48933

### Got a tip or story? Let us know!

Phone: (517) 483-1921 Fax: (517) 483-1675  
Website: [www.gvsu.edu/misbtdc/region8](http://www.gvsu.edu/misbtdc/region8)  
E-mail: [sbtdc@lcc.edu](mailto:sbtdc@lcc.edu)

### Finding Solutions for Growing Businesses

#### Team SBA: Financing Roundtables

A roundtable session is where you can learn what is required from a lender. Comprised of a banker, an SBA loan officer, a business consultant, and you. Opportunities to meet business counselors who can help you prepare your loan request for the bank. Chances to network with other business owners. A session for those who have good credit, some money to invest in their business & who know how much they need to borrow.

**Cost: Free**

**Wednesday - 09/26/07**

**LOCATION:** MI-SBTDC Office  
Washington Court Place  
309 N. Washington Sq., Ste. 115  
Lansing, MI 48933

**To register for this event or more information  
Please call: (517) 483-1921**



## MI-SBTDC Mission Statement

*The Michigan Small Business and Technology Development Center (MI-SBTDC) enhances Michigan's economic well being by providing counseling, training, and research, and advocacy for new ventures, existing small businesses and innovative technology companies. With regional, satellite and affiliate offices statewide the MI-SBTDC positively impacts the economy by strengthening existing companies, creating new jobs, retaining existing jobs, and assisting companies in defining their path to success.*



<http://www.sba.gov>



<http://www.lcc.edu>

The Michigan Small Business & Technology Development Center regional office at Lansing Community College is one of 12 offices statewide, providing services and support to the Michigan small business community in the areas of counseling, training and research.

The Lansing Community College's Michigan Small Business & Technology Development Center contributes to the promotion of economic development by assisting in the creation of new small business and the retention and expansion of existing small businesses. We achieve this mission by providing technical assistance to prospective and existing business owners and managers in Ingham, Eaton, Clinton, Ionia, Livingston, and Shiawassee



counties. We provide our clients with the education and training needed to establish and grow a successful small business.

#### ADDRESS:

**Washington Court Place  
309 N. Washington Sq., Ste. 115  
P.O. Box 40010  
Lansing, MI 48933**

