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SBT CREDIT FOR RESEARCH & DEVELOPMENT

House Bill 4282
Sponsor: Rep. Gerald H. Law
Committee: Taxation

Complete to 6-30-89

A SUMMARY OF HOUSE BILL 4282 AS INTRODUCED 2-22-89

The bill would amend the Single Business Tax Act to provide a credit against the tax for certain research and development expenses incurred in tax years 1989 through 1992. The credit amount would be 10 percent of the excess of "qualified research expenses" paid to an educational institution for research conducted within Michigan (but not including expenses for tangible assets eligible for deduction under the act, nor expenses supported by federal government research grants or contracts) for the tax year over "base period research expenses," as those terms are defined in the federal Internal Revenue Code. The amount of qualified research expenses for each year in the base period would be adjusted for inflation. The credit would be nonrefundable; that is, it could be used only to offset a tax otherwise due under the act.

The Departments of Treasury and Commerce would have to evaluate and report on the effectiveness of the tax credit in the promotion of research and the creation of jobs in Michigan, by September 30, 1991, to the legislative committees concerned with taxation, economic development and labor. The report would have to include data on the number of taxpayers claiming the credit and the tax savings gained, by size and type of business.

MCL 208.37c

House Bill 4282 (6-30-89)