

SENATE BILL No. 350

May 30. 1991. Introduced by Senators CARL, STABENOW, HONIGMAN, EMMONS, CISKY, EHLERS and DUNASKISS and referred to the Committee on Finance.

A bill to amend section 37b of Act No. 228 of the Public Acts of 1975, entitled
"Single business tax act,"
as added by Act No. 283 of the Public Acts of 1986, being section 208.37b of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 37b of Act No. 228 of the Public Acts of
2 1975, as added by Act No. 283 of the Public Acts of 1986, being
3 section 208.37b of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 37b. (1) ~~—A—~~ FOR A TAX YEAR BEGINNING BEFORE
6 JANUARY 1, 1991, A taxpayer engaged in a high technology activity
7 that qualifies under the criteria of subsection ~~—(3)—~~ (4) may
8 credit against the tax imposed by section 31 an amount equal to
9 the tax liability attributable to that high technology activity.

1 (2) FOR A TAX YEAR BEGINNING AFTER DECEMBER 31, 1990, A
2 TAXPAYER ENGAGED IN A HIGH TECHNOLOGY ACTIVITY MAY CREDIT AGAINST
3 THE TAX IMPOSED BY SECTION 31 AN AMOUNT EQUAL TO 1 OF THE
4 FOLLOWING:

5 (A) THE TAX LIABILITY ATTRIBUTABLE TO THE HIGH TECHNOLOGY
6 ACTIVITY IF THE TAXPAYER QUALIFIES UNDER SUBSECTION (4).

7 (B) ONE-HALF OF THE TAX LIABILITY OF THE TAXPAYER IMPOSED BY
8 THIS ACT AFTER THE CALCULATION OF THE CREDITS PROVIDED IN
9 SECTIONS 36, 37, 38, AND 39, IF AT LEAST 70% OF THE GROSS
10 RECEIPTS OF THE TAXPAYER ARE GENERATED FROM THE HIGH TECHNOLOGY
11 ACTIVITY.

12 (3) IF A TAXPAYER IS AN ENTITY UNDER COMMON CONTROL OR IS A
13 MEMBER OF AN AFFILIATED GROUP OR A CONTROLLED GROUP OF CORPORA-
14 TIONS, GROSS RECEIPTS FROM A HIGH TECHNOLOGY ACTIVITY DO NOT
15 INCLUDE REVENUES RECEIVED FROM OTHER MEMBERS OF THE GROUP.

16 (4) ~~-(2)-~~ The tax liability attributable to the high tech-
17 nology activity described in ~~subsection (1)~~ SUBSECTIONS (1) AND
18 (2)(A) is the tax liability imposed by this act after the calcu-
19 lation of the credits provided in sections 36, 37, 38, and 39
20 multiplied by a fraction the numerator of which is the ratio of
21 property used for the high technology activity to all property
22 located in this state plus the ratio of payroll for the high
23 technology activity to all payroll in this state and the denomi-
24 nator of which is 2.

25 (5) ~~-(3)- To qualify~~ A TAXPAYER QUALIFIES for the credit
26 allowed under ~~this section, the taxpayer shall comply with~~
27 SUBSECTION (1) FOR A TAX YEAR BEGINNING BEFORE JANUARY 1, 1991,

1 OR FOR THE CREDIT ALLOWED UNDER SUBSECTION (2)(A) FOR A TAX YEAR
2 BEGINNING AFTER DECEMBER 31, 1990, IF all of the following
3 APPLY:

4 (a) The high technology activity is the primary purpose and
5 use of eligible property subject to a tax increment financing
6 plan that provides for the use of captured assessed value from
7 that eligible property.

8 (b) The taxpayer was not located in the central city before
9 the authority district in which the eligible property is located
10 was created.

11 (c) The department of treasury issues a certificate to the
12 taxpayer certifying that the eligible property is located in a
13 central city and is used for a high technology activity and that
14 the taxpayer meets the other requirements of this section. A
15 certificate issued under this subdivision shall be effective for
16 10 years after the date of issuance or until the certificate is
17 revoked. The department of treasury shall revoke a certificate
18 if the taxpayer no longer meets the requirements of this
19 section. A certificate shall not be issued by the department of
20 treasury after December 31, 1991.

21 (6) ~~-(4)-~~ The credit allowed under this section shall not
22 exceed the tax liability of the taxpayer for the tax year.

23 (7) ~~-(5)-~~ As used in this section:

24 (a) "Authority district", "eligible property", and "tax
25 increment financing plan" mean those terms as used in the local
26 development financing act, ACT NO. 281 OF THE PUBLIC ACTS OF

1 1986, BEING SECTIONS 125.2151 TO 125.2174 OF THE MICHIGAN
2 COMPILED LAWS.

3 (b) "Central city" means, EXCEPT AS PROVIDED IN
4 SUBDIVISION (C), a city that has the largest population within a
5 metropolitan statistical area as designated by the United States
6 bureau of the census and meets all of the following criteria or a
7 city that has the largest population within a county, but not
8 less than 40,000, and meets all of the following criteria:

9 (i) Has had a poverty rate for families that is more than
10 the statewide average rate as defined by the most recent federal
11 decennial census.

12 (ii) Shows a population decline from the next most recent to
13 the most recent federal decennial census.

14 (iii) Has had an increase in state equalized valuation of
15 real and personal property over the prior 10 calendar years that
16 is less than the statewide average increase in state equalized
17 valuation over the prior 10 calendar years.

18 (iv) Has had an unemployment rate higher than the state
19 average unemployment rate for 3 of the preceding 5 calendar
20 years.

21 (C) ~~However, a central~~ "CENTRAL city" does not ~~include~~
22 MEAN a city, ~~of which~~ all or a portion OF WHICH has been desig-
23 nated as an enterprise zone under the enterprise zone act, Act
24 No. 224 of the Public Acts of 1985, being sections 125.2101 to
25 125.2122 of the Michigan Compiled Laws.

26 (D) ~~(e)~~ "High technology activity" means 1 OF THE
27 FOLLOWING:

1 (i) FOR A TAX YEAR BEGINNING BEFORE JANUARY 1, 1991, AN
2 ACTIVITY SPECIFIED BY SECTION 2(H)(iii) OF THE LOCAL DEVELOPMENT
3 FINANCING ACT, ACT NO. 281 OF THE PUBLIC ACTS OF 1986, BEING
4 SECTION 125.2152 OF THE MICHIGAN COMPILED LAWS, but ~~shall~~
5 ~~exclude~~ EXCLUDES those businesses also qualifying as eligible
6 property under section 2(h)(i) or 2(h)(ii) of the local develop-
7 ment financing act, ~~or~~ ACT NO. 281 OF THE PUBLIC ACTS OF 1986,
8 AND those businesses whose high technology activity relates to
9 the activity of a business that also qualifies as eligible prop-
10 erty under section 2(h)(i) or 2(h)(ii) of the local development
11 financing act, ACT NO. 281 OF THE PUBLIC ACTS OF 1986.

12 (ii) FOR A TAX YEAR BEGINNING AFTER DECEMBER 31, 1990, ANY
13 OF THE FOLLOWING MANUFACTURING SERVICE ACTIVITIES:

- 14 (A) MANUFACTURING RESEARCH.
15 (B) PRODUCT AND PROTOTYPE DEVELOPMENT AND DESIGN.
16 (C) MANUFACTURING ENGINEERING, STYLING, OR DESIGN.
17 (D) PRODUCT TESTING.