

SENATE BILL NO. 573

May 5, 1999, Introduced by Senators ROGERS, HAMMERSTROM, BULLARD, SCHUETTE, STEIL, NORTH, GOUGEON, MC MANUS, SIKKEMA, MC COTTER, STILLE, SCHWARZ and HOFFMAN and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
by amending sections 37c and 37d (MCL 208.37c and 208.37d), as amended by 1996 PA 470.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 37c. (1) For tax years beginning after December 31,
2 1994 and for a period of time not to exceed 20 years as deter-
3 mined by the Michigan economic growth authority, a taxpayer that
4 is an authorized business may credit against the tax imposed by
5 section 31 the amount certified each year by the Michigan eco-
6 nomic growth authority.

7 (2) The credit under this section for an authorized business
8 for the tax year as determined under the Michigan economic growth
9 authority act shall not exceed the payroll of the authorized

1 business attributable to employees who perform qualified new jobs
2 multiplied by the tax rate.

3 (3) A taxpayer shall not claim a credit under this section
4 unless the Michigan economic growth authority has issued a cer-
5 tificate to the taxpayer. The taxpayer shall attach the certifi-
6 cate to the return filed under this act on which a credit under
7 this section is claimed.

8 (4) The certificate required by subsection (3) shall state
9 all of the following:

10 (a) The taxpayer is an authorized business.

11 (b) The amount of the credit under this section for the
12 authorized business for the designated tax year.

13 (c) The taxpayer's federal employer identification number or
14 the Michigan treasury number assigned TO THE TAXPAYER.

15 (5) If the credit allowed under this section exceeds the tax
16 liability of the taxpayer for the tax year, the excess shall be
17 refunded to the taxpayer.

18 (6) An affiliated group AS DEFINED IN THIS ACT, a controlled
19 group of corporations as defined ~~by~~ IN SECTION 1563 OF the
20 internal revenue code AND FURTHER DESCRIBED IN 26
21 C.F.R. 1.414(b)-1 AND 1.414(c)-1 TO 1.414(c)-5, or an entity
22 under common control as defined by the internal revenue code
23 shall claim only 1 credit under this section for each tax year
24 for each expansion or location evidenced by a written agreement
25 whether or not a combined or consolidated return is filed.

1 (7) A credit shall not be claimed by a taxpayer under this
2 section if the taxpayer's initial certification as required in
3 subsection (3) is issued after December 31, ~~1999~~ 2003.

4 (8) As used in this section:

5 (a) "Authority" or "Michigan economic growth authority"
6 means the Michigan economic growth authority created in the
7 Michigan economic growth authority act, ~~Act No. 24 of the Public~~
8 ~~Acts of 1995, being sections 207.801 to 207.810 of the Michigan~~
9 ~~Compiled Laws~~ 1995 PA 24, MCL 207.801 TO 207.810.

10 (b) "Authorized business", "facility", "full-time job", and
11 "written agreement" mean those terms as defined in ~~Act No. 24 of~~
12 ~~the Public Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY
13 ACT, 1995 PA 24, MCL 207.801 TO 207.810.

14 (c) "Payroll" means the total salaries and wages before
15 deducting any personal or dependency exemptions.

16 (d) "Qualified new jobs" means the average number of
17 full-time jobs at a facility of an authorized business for a tax
18 year in excess of the average number of full-time jobs the autho-
19 rized business maintained in this state prior to the expansion or
20 location as that is determined under ~~Act No. 24 of the Public~~
21 ~~Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA
22 24, MCL 207.801 TO 207.810.

23 (e) "Tax rate" means the rate imposed under ~~section 51(1)~~
24 SECTIONS 51 AND 51B TO 51E of the income tax act of 1967, ~~Act~~
25 ~~No. 281 of the Public Acts of 1967, being section 206.51 of the~~
26 ~~Michigan Compiled Laws~~ 1967 PA 281, MCL 206.51 AND 206.51B TO

1 206.51E, for the tax year in which the tax year of the taxpayer
2 for which the credit is being computed begins.

3 Sec. 37d. (1) For tax years beginning after December 31,
4 1994, and for a period of time not to exceed 20 years as deter-
5 mined by the Michigan economic growth authority plus any carry-
6 forward years allowed under subsection (5), a taxpayer that is an
7 authorized business may credit against the tax imposed by section
8 31 an amount equal to the tax liability attributable to autho-
9 rized business activity.

10 (2) A taxpayer shall not claim a credit under this section
11 unless the Michigan economic growth authority has issued a cer-
12 tificate to the taxpayer. The taxpayer shall attach the certifi-
13 cate to the return filed under this act on which a credit under
14 this section is claimed.

15 (3) The certificate required by subsection (2) shall state
16 both of the following:

17 (a) The taxpayer is an authorized business.

18 (b) The amount of the credit under this section for the
19 authorized business for the designated tax year.

20 (c) The taxpayer's federal employer identification number or
21 the Michigan treasury number assigned.

22 (4) The tax liability attributable to authorized business
23 activity is the tax liability imposed by this act after the cal-
24 culation of the credits provided in sections 36, 37, 38, and 39
25 multiplied by either of the following fractions as appropriate:

26 (a) For an authorized business locating a facility in this
27 state, a fraction the numerator of which is the ratio of the

1 value of the facility to all of the taxpayer's property located
 2 in this state plus the ratio of the taxpayer's payroll attribut-
 3 able to qualified new jobs to all of the taxpayer's payroll in
 4 this state and the denominator of which is 2.

5 (b) For an authorized business expanding at an existing
 6 site, a fraction the numerator of which is the ratio of the value
 7 of the new property added to the site as part of that expansion
 8 to all of the taxpayer's property located in this state plus the
 9 ratio of the taxpayer's payroll attributable to qualified new
 10 jobs to all of the taxpayer's payroll in this state and the
 11 denominator of which is 2.

12 (5) If the credit allowed under this section for the tax
 13 year and any unused carryforward of the credit allowed by this
 14 section exceed the taxpayer's tax liability for the tax year,
 15 that portion that exceeds the tax liability for the tax year
 16 shall not be refunded but may be carried forward to offset tax
 17 liability in subsequent tax years for 10 years or until used up,
 18 whichever occurs first.

19 (6) A credit shall not be claimed by a taxpayer under this
 20 section if the taxpayer's initial certification, as required in
 21 subsection (2), is issued after December 31, ~~1999~~ 2003.

22 (7) As used in this section:

23 (a) "Authorized business" and "facility" mean those terms as
 24 defined in the Michigan economic growth authority act, ~~Act~~
 25 ~~No. 24 of the Public Acts of 1995, being sections 207.801 to~~
 26 ~~207.810 of the Michigan Compiled Laws~~ 1995 PA 24, MCL 207.801 TO
 27 207.810.

1 (b) "Authorized business activity" means the business
2 activity of an authorized business certified under ~~Act No. 24 of~~
3 ~~the Public Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY
4 ACT, 1995 PA 24, MCL 207.801 TO 207.810.

5 (c) "Michigan economic growth authority" means the Michigan
6 economic growth authority created in ~~Act No. 24 of the Public~~
7 ~~Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA
8 24, MCL 207.801 TO 207.810.

9 (d) "Qualified new jobs" means that term as defined in
10 section 37c.