

Act No. 100
Public Acts of 1999
Approved by the Governor
July 6, 1999
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STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 1999

Introduced by Senators Rogers, Hammerstrom, Bullard, Schuette, Steil, North, Gougeon, McManus, Sikkema, McCotter, Stille, Schwarz, Hoffman, Byrum, Emmons, Johnson, Gast, Goschka, Dunaskiss and Shugars

ENROLLED SENATE BILL No. 573

AN ACT to amend 1975 PA 228, entitled "An act to provide for the imposition, levy, computation, collection, assessment and enforcement, by lien or otherwise, of taxes on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of public officers and state departments; to permit the inspection of records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to provide an appropriation," 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:

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

(2) The credit under this section for an authorized business for the tax year as determined under the Michigan economic growth authority act shall not exceed the payroll of the authorized business attributable to employees who perform qualified new jobs multiplied by the tax rate.

(3) A taxpayer shall not claim a credit under this section unless the Michigan economic growth authority has issued a certificate to the taxpayer. The taxpayer shall attach the certificate to the return filed under this act on which a credit under this section is claimed.

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

(a) The taxpayer is an authorized business.

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

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

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

(6) An affiliated group as defined in this act, a controlled group of corporations as defined in section 1563 of the internal revenue code and further described in 26 C.F.R. 1.414(b)-1 and 1.414(c)-1 to 1.414(c)-5, or an entity under common control as defined by the internal revenue code shall claim only 1 credit under this section for each tax year for each expansion or location evidenced by a written agreement whether or not a combined or consolidated return is filed.

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

(8) As used in this section:

(a) "Authority" or "Michigan economic growth authority" means the Michigan economic growth authority created in the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(b) "Authorized business", "facility", "full-time job", and "written agreement" mean those terms as defined in the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

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

(d) "Qualified new jobs" means the average number of full-time jobs at a facility of an authorized business for a tax year in excess of the average number of full-time jobs the authorized business maintained in this state prior to the expansion or location as that is determined under the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(e) "Tax rate" means the rate imposed under sections 51 and 51b to 51e of the income tax act of 1967, 1967 PA 281, MCL 206.51 and 206.51b to 206.51e, for the tax year in which the tax year of the taxpayer for which the credit is being computed begins.

Sec. 37d. (1) For tax years beginning after December 31, 1994, and for a period of time not to exceed 20 years as determined by the Michigan economic growth authority plus any carryforward years allowed under subsection (5), a taxpayer that is an authorized business may credit against the tax imposed by section 31 an amount equal to the tax liability attributable to authorized business activity.

(2) A taxpayer shall not claim a credit under this section unless the Michigan economic growth authority has issued a certificate to the taxpayer. The taxpayer shall attach the certificate to the return filed under this act on which a credit under this section is claimed.

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

(a) The taxpayer is an authorized business.

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

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

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

(a) For an authorized business locating a facility in this state, a fraction the numerator of which is the ratio of the value of the facility to all of the taxpayer's property located in this state plus the ratio of the taxpayer's payroll attributable to qualified new jobs to all of the taxpayer's payroll in this state and the denominator of which is 2.

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

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

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

(7) As used in this section:

(a) "Authorized business" and "facility" mean those terms as defined in the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(b) "Authorized business activity" means the business activity of an authorized business certified under the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(c) "Michigan economic growth authority" means the Michigan economic growth authority created in the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Jay E. Randall

Clerk of the House of Representatives.

Approved _____

Governor.