

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 863

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 51f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51f. (1) For tax years that begin after December 31,
2 2004, a taxpayer that is a qualified start-up business that does
3 not have business income attributable to that qualified start-up
4 business for 2 consecutive tax years may claim a credit against
5 the tax imposed under this act for the second of those 2
6 consecutive tax years and each immediately following consecutive
7 tax year in which the taxpayer does not have business income
8 attributable to that qualified start-up business equal to that
9 portion of the taxpayer's tax liability attributable to that
10 qualified start-up business for the tax year. If the taxpayer
11 has business income attributable to the qualified start-up

1 business in any tax year after the credit under this section is
2 claimed, the taxpayer shall claim the credit under this section
3 for any following tax year only if the taxpayer subsequently has
4 no business income for 2 consecutive tax years. The taxpayer may
5 claim the credit for the second of those 2 consecutive tax years
6 and each immediately following consecutive tax year in which the
7 taxpayer does not have business income attributable to that
8 qualified start-up business. A credit under this section shall
9 not be claimed for more than a total of 5 tax years.

10 (2) If a taxpayer that took the credit under this section
11 has no business activity related to the qualified start-up
12 business in this state and has any business activity related to
13 the qualified start-up business outside of this state for any of
14 the first 3 tax years after the last tax year for which it took
15 the credit under this section, the taxpayer shall add to its tax
16 liability the following amounts:

17 (a) If the taxpayer has no business activity in this state
18 related to the start-up business for the first tax year after the
19 last tax year for which a credit under this section is claimed,
20 100% of the total of all credits claimed under this section.

21 (b) If the taxpayer has no business activity in this state
22 related to the start-up business for the second tax year after
23 the last tax year for which a credit under this section is
24 claimed, 67% of the total of all credits claimed under this
25 section.

26 (c) If the taxpayer has no business activity in this state
27 related to the start-up business for the third tax year after the

Senate Bill No. 863 (H-2) as amended April 27, 2004

1 last tax year for which a credit under this section is claimed,
2 33% of the total of all credits claimed under this section.

3 (3) As used in this section, "business income" and "qualified
4 start-up business" mean those terms as defined in section 31a of
5 the single business tax act, 1975 PA 228, MCL 208.31a.

[Enacting section 1. This amendatory act does not take effect unless
House Bill No. 5331 of the 92nd Legislature is enacted into law.]