

SUBSTITUTE FOR
SENATE BILL NO. 1274

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 37f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 37f. (1) For tax years that begin after December 31,
2 2004 and before January 1, 2006, a taxpayer with gross receipts
3 of \$10,000,000.00 or less for a tax year may claim a credit
4 against the tax imposed by this act equal to the following
5 percentages of compensation paid by the taxpayer to employees who
6 perform created jobs for that tax year, not to exceed \$85,000.00
7 per employee, in the following circumstances:

8 (a) If the taxpayer makes capital investment in this state
9 of less than \$150,000.00 in the tax year, 0.50%.

10 (b) If the taxpayer makes capital investment in this state
11 of \$150,000.00 or more but less than \$750,000.00, 1.5%.

Senate Bill No. 1274 as amended June 24, 2004

1 (c) If the taxpayer makes capital investment in this state
2 of \$750,000.00 or more in the tax year, 2.0%.

3 (2) If the credit allowed under this section for the tax year
4 and any unused carryforward of the credit allowed under this
5 section exceed the tax liability of the taxpayer for the tax
6 year, the excess shall not be refunded, but may be carried
7 forward as an offset to the tax liability in subsequent tax years
8 for 10 tax years or until the excess credit is used up, whichever
9 occurs first.

10 (3) A member of an affiliated group as defined in this act, a
11 controlled group of corporations as defined in section 1563 of
12 the internal revenue code and further described in 26 CFR
13 1.414(b)-1 and 1.414(c)-1 to 1.414(c)-5, or an entity under
14 common control as defined by the internal revenue code shall
15 determine gross receipts for purposes of this section on a
16 consolidated basis.

17 (4) For purposes of determining compensation paid to
18 employees, the taxpayer shall not include compensation paid to
19 the taxpayer's parent, sibling, child, stepchild, adopted child,
20 or stepparent.

<<(5) The capital investment threshold for purposes of subsection
(1) must be met at the principal place of employment of any employee of
the taxpayer that performs a created job.>>

21 <<(6)>> As used in this section:

22 (a) "Created jobs" means jobs that meet all of the following
23 criteria:

24 (i) Are high-technology activity or manufacturing jobs.

25 (ii) Did not exist in this state in the immediately preceding
26 tax year.

27 (iii) Represent an overall increase in full-time equivalent

1 jobs of the taxpayer in this state for the tax year above the
2 total number of full-time equivalent jobs of the taxpayer in the
3 immediately preceding tax year.

4 (iv) Is not a job into which an employee transfers if the
5 employee worked in this state for the taxpayer, an affiliate of
6 the taxpayer, or an entity with which the taxpayer files a
7 consolidated return under section 77 in another job prior to
8 beginning the created job.

9 (v) The benefits for the employee in the created job include
10 coverage under health and welfare and noninsured benefit plans,
11 including, but not limited to, prescription coverage and primary
12 health care coverage or hospitalization that is not limited to
13 emergency room services or subject to dollar limits, deductibles,
14 and coinsurance provisions that are not less favorable than those
15 for physical illness generally.

16 (b) "High-technology activity" means that term as defined in
17 section 3 of the Michigan economic growth authority act, 1995 PA
18 24, MCL 207.803.

19 (c) "Manufacturing jobs" are jobs for a company that has a
20 classification under supersector 33 of the North American
21 industrial classification system (NAICS).