HOUSE BILL No. 4799

June 3, 2003, Introduced by Reps. Accavitti, Wojno, Gillard and Smith and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled

"Income tax act of 1967,"

(MCL 206.1 to 206.532) by adding section 270.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1   **Sec. 270. (1) For tax years that begin after December 31,**

2   **2002, a taxpayer may claim a credit against the tax imposed under**

3   **this act equal to the cost of a computer system, application**

4   **computer software, operating system software, or system software**

5   **that is used exclusively in the taxpayer's home or $1,000.00,**

6   **whichever is less, if the taxpayer has a child living in that**

7   **home who is less than 18 years of age and who the taxpayer claims**

8   **as a dependent under section 30(2) for the tax year in which the**

9   **credit under this section is claimed.**

10   **(2) The credit under this section shall be claimed by a**

11   **taxpayer only once every 5 years.**

1   (3) If the amount of the credit allowed under this section

2 exceeds the tax liability of the taxpayer for the tax year, that

3 portion of the credit that exceeds the tax liability shall not be

4 refunded.

5   (4) As used in this section:

6   (a) "Application computer software" means a set of statements

7 or instructions that when incorporated in a machine usable medium

8 is capable of causing a machine or device having information

9 processing capabilities to indicate, perform, or achieve a

10 particular business function, task, or result for the

11 nontechnical end user. Application computer software includes

12 any other computer software that does not qualify under

13 subdivision (b) or (c).

14   (b) "Operating system software" means a set of statements or

15 instructions that when incorporated into a machine or device

16 having information processing capabilities is an interface

17 between the computer hardware and the application computer

18 software or system software.

19   (c) "System software" means a set of statements or

20 instructions that interacts with operating system software that

21 is developed, licensed, and intended for the exclusive use of

22 data processing professionals to build, test, manage, or maintain

23 application computer software for which a license agreement is

24 signed by the licensor and licensee at the time of the transfer

25 of the software and that is not transferred to the licensee as

26 part of or in conjunction with a sale or lease of computer

27 hardware.