

SENATE BILL No. 862

December 2, 2003, Introduced by Senators TOY, SANBORN, PATTERSON, GILBERT, BROWN, BISHOP, CROUSEY, SIKKEMA, HARDIMAN, HAMMERSTROM, VAN WOERKOM, ALLEN, KUIPERS, JELINEK, BIRKHOLZ, GOSCHKA and GEORGE and referred to the Committee on Finance.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 31a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 31a. (1) For tax years that begin after December 31,
2 2003, a taxpayer that is a qualified start-up business that does
3 not have a profit for a tax year may claim a credit against the
4 tax imposed under this act for that tax year and for any of the
5 immediately following 4 tax years in which the taxpayer does not
6 have a profit equal to the taxpayer's tax liability for the tax
7 year.

8 (2) If the credit allowed under this section for the tax year
9 and any unused carryforward of the credit allowed under this
10 section exceed the tax liability of the taxpayer for the tax
11 year, the excess shall not be refunded, but may be carried

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1 forward as an offset to the tax liability in subsequent tax years
2 for 10 tax years or until the excess credit is used up, whichever
3 occurs first.

4 (3) As used in this section:

5 (a) "Qualified start-up business" means a business that meets
6 all of the following criteria:

7 (i) Has fewer than 25 full-time equivalent employees.

8 (ii) Has sales of less than \$1,000,000.00 in the tax year for
9 which the credit under this section is claimed.

10 (iii) Research and development make up at least 15% of its
11 expenses in the tax year for which the credit under this section
12 is claimed.

13 (iv) Is not publicly traded.

14 (b) "Research and development" means that term as defined in
15 section 41(d) of the internal revenue code.