

SUBSTITUTE FOR
HOUSE BILL NO. 4971

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 32.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 32. (1) FOR TAX YEARS THAT BEGIN ON OR AFTER JANUARY 1,
2 2006 AND END BEFORE JANUARY 1, 2016, A TAXPAYER THAT IS ENGAGED IN
3 RESEARCH AND DEVELOPMENT OF A QUALIFIED TECHNOLOGY MAY CLAIM A
4 CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO 3.9% OF THE
5 COMPENSATION AS DEFINED IN SECTION 4 FOR SERVICES PERFORMED IN A
6 QUALIFIED FACILITY, PAID TO THE EMPLOYEES AT THE QUALIFIED FACILITY
7 IN THE TAX YEAR, IF THE TAXPAYER HAS ENTERED INTO AN AGREEMENT
8 BEFORE JANUARY 1, 2007 WITH THE MICHIGAN ECONOMIC GROWTH AUTHORITY
9 THAT PROVIDES ALL OF THE FOLLOWING:

House Bill No. 4971 (H-2) as amended June 21, 2006

1 (A) THE TYPE AND NUMBER OF JOBS AT THE QUALIFIED FACILITY TO
2 WHICH THE AGREEMENT APPLIES.

3 (B) THE TYPE OF WORK TO BE PERFORMED BY THE EMPLOYEES
4 PERFORMING THE JOBS PROVIDED UNDER SUBDIVISION (A) BY THE TAXPAYER.

5 (C) ANY OTHER TERMS AND CONDITIONS THAT THE MICHIGAN ECONOMIC
6 GROWTH AUTHORITY CONSIDERS TO BE IN THE PUBLIC INTEREST.

7 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
8 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION THAT
9 EXCEEDS THE TAX LIABILITY SHALL BE REFUNDABLE.

10 (3) THE MAXIMUM AMOUNT OF THE CREDIT [ALLOWED UNDER THIS SECTION
11 THAT] ANY 1 TAXPAYER MAY CLAIM
12 SHALL NOT EXCEED \$3,000,000.00 IN A SINGLE TAX YEAR.

13 (4) AS USED IN THIS SECTION:

14 (A) "MICHIGAN ECONOMIC GROWTH AUTHORITY" MEANS THE MICHIGAN
15 ECONOMIC GROWTH AUTHORITY CREATED IN THE MICHIGAN ECONOMIC GROWTH
16 AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

17 (B) "MOTOR VEHICLE" MEANS A MOTOR VEHICLE AS DEFINED IN
18 SECTION 33 OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.33,
19 THAT IS DESIGNED AS A PASSENGER VEHICLE, OR SPORT UTILITY VEHICLE,
20 BUT DOES NOT INCLUDE A MOTOR HOME, BUS, TRUCK OTHER THAN A PICKUP
21 TRUCK OR VAN, OR A VEHICLE DESIGNED TO TRAVEL ON LESS THAN 4
22 WHEELS.

23 (C) "QUALIFIED CITY" MEANS A CITY THAT MEETS BOTH OF THE
24 FOLLOWING CRITERIA:

25 (i) HAS A POPULATION OF NOT LESS THAN 80,000 AND NOT MORE THAN
26 82,000 AS DESIGNATED BY THE UNITED STATES BUREAU OF THE CENSUS IN
27 THE 2000 CENSUS.

(ii) IS LOCATED IN A COUNTY THAT HAS A POPULATION OF NOT LESS

1 THAN 1,000,000 AND NOT MORE THAN 1,300,000 AS DESIGNATED BY THE
2 UNITED STATES BUREAU OF THE CENSUS IN THE 2000 CENSUS.

3 (D) "QUALIFIED FACILITY" MEANS A LEASED FACILITY IN A
4 QUALIFIED CITY USED EXCLUSIVELY FOR THE RESEARCH AND DEVELOPMENT OF
5 A QUALIFIED TECHNOLOGY.

6 (E) "QUALIFIED TECHNOLOGY" MEANS A 2-MODE HYBRID SYSTEM THE
7 PRIMARY PURPOSE OF WHICH IS THE PROPULSION OF A MOTOR VEHICLE.

8 (F) "RESEARCH AND DEVELOPMENT" MEANS "QUALIFIED RESEARCH" AS
9 THAT TERM IS DEFINED IN SECTION 41(D) OF THE INTERNAL REVENUE CODE.