

# HOUSE BILL No. 5559

January 18, 2006, Introduced by Rep. Hummel and referred to the Committee on Commerce.

A bill to amend 1995 PA 24, entitled  
"Michigan economic growth authority act,"  
by amending section 3 (MCL 207.803), as amended by 2004 PA 398.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. As used in this act:

2       (a) "Affiliated business" means a business that is 100% owned  
3 and controlled by an associated business.

4       (b) "Associated business" means a business ~~which~~ **THAT** owns  
5 at least 50% of and controls, directly or indirectly, an authorized  
6 business.

7       (c) "Authorized business" means 1 of the following:

8       (i) A single eligible business with a unique federal employer  
9 identification number ~~which~~ **THAT** has met the requirements of  
10 section 8 and with which the authority has entered into a written

1 agreement for a tax credit under section 9.

2 (ii) A single eligible business with a unique federal employer  
3 identification number ~~which~~ **THAT** has met the requirements of  
4 section 8, except as provided in this subparagraph, and with which  
5 the authority has entered into a written agreement for a tax credit  
6 under section 9. An eligible business is not required to create  
7 qualified new jobs or maintain retained jobs if qualified new jobs  
8 are created or retained jobs are maintained by an associated or  
9 affiliated business.

10 (iii) A single eligible business with a unique federal employer  
11 identification number ~~which~~ **THAT** has met the requirements of  
12 section 8, except as provided in this subparagraph, and with which  
13 the authority has entered into a written agreement for a tax credit  
14 under section 9. An eligible business is not required to create  
15 qualified new jobs or maintain retained jobs if qualified new jobs  
16 are created or retained jobs are maintained by a subsidiary  
17 business ~~which~~ **THAT** withholds income and social security taxes,  
18 or an employee leasing company or professional employer  
19 organization that has entered into a contractual service agreement  
20 with the authorized business in which the employee leasing company  
21 or professional employer organization withholds income and social  
22 security taxes on behalf of the authorized business.

23 (d) "Authority" means the Michigan economic growth authority  
24 created under section 4.

25 (e) "Business" means proprietorship, joint venture,  
26 partnership, limited liability partnership, trust, business trust,  
27 syndicate, association, joint stock company, corporation,

1 cooperative, limited liability company, or any other organization.

2 (f) "Distressed business" means a business that meets all of  
3 the following as verified by the Michigan economic growth  
4 authority:

5 (i) Four years immediately preceding the application to the  
6 authority under this act, the business had 150 or more full-time  
7 jobs in this state.

8 (ii) Within the immediately preceding 4 years, there has been a  
9 reduction of not less than 30% of the number of full-time jobs in  
10 this state during any consecutive 3-year period. The highest number  
11 of full-time jobs within the consecutive 3-year period shall be  
12 used in order to determine the percentage reduction of full-time  
13 jobs in this subparagraph.

14 (iii) Is not a seasonal employer as defined in section 27 of the  
15 Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.27.

16 (g) "Eligible business" means a distressed business or  
17 business that proposes to maintain retained jobs after December 31,  
18 1999 or to create qualified new jobs in this state after April 18,  
19 1995 in manufacturing, mining, research and development, wholesale  
20 and trade, or office operations or a business that is a qualified  
21 high-technology business. An eligible business does not include  
22 retail establishments, professional sports stadiums, or that  
23 portion of an eligible business used exclusively for retail sales.  
24 Professional sports stadium does not include a sports stadium in  
25 existence on June 6, 2000 that is not used by a professional sports  
26 team on the date that an application related to that professional  
27 sports stadium is filed under section 8.

1 (h) "Facility" means a site or sites within this state in  
2 which an authorized business or subsidiary businesses maintains  
3 retained jobs or creates qualified new jobs. ~~A facility does not~~  
4 ~~include a site that was a vaccine laboratory owned by this state on~~  
5 ~~April 1, 1995.~~

6 (i) "Full-time job" means a job performed by an individual who  
7 is employed by an authorized business or an employee leasing  
8 company or professional employer organization on behalf of the  
9 authorized business for consideration for 35 hours or more each  
10 week and for which the authorized business or an employee leasing  
11 company or professional employer organization on behalf of the  
12 authorized business withholds income and social security taxes.

13 (j) "Local governmental unit" means a county, city, village,  
14 or township in this state.

15 (k) "High-technology activity" means 1 or more of the  
16 following:

17 (i) Advanced computing, which is any technology used in the  
18 design and development of any of the following:

19 (A) Computer hardware and software.

20 (B) Data communications.

21 (C) Information technologies.

22 (ii) Advanced materials, which are materials with engineered  
23 properties created through the development of specialized process  
24 and synthesis technology.

25 (iii) Biotechnology, which is any technology that uses living  
26 organisms, cells, macromolecules, microorganisms, or substances  
27 from living organisms to make or modify a product, improve plants

1 or animals, or develop microorganisms for useful purposes.

2 Biotechnology does not include human cloning as defined in section  
3 16274 of the public health code, 1978 PA 368, MCL 333.16274, or  
4 stem cell research with embryonic tissue.

5 (iv) Electronic device technology, which is any technology that  
6 involves microelectronics, semiconductors, electronic equipment,  
7 and instrumentation, radio frequency, microwave, and millimeter  
8 electronics, and optical and optic-electrical devices, or data and  
9 digital communications and imaging devices.

10 (v) Engineering or laboratory testing related to the  
11 development of a product.

12 (vi) Technology that assists in the assessment or prevention of  
13 threats or damage to human health or the environment, including,  
14 but not limited to, environmental cleanup technology, pollution  
15 prevention technology, or development of alternative energy  
16 sources.

17 (vii) Medical device technology, which is any technology that  
18 involves medical equipment or products other than a pharmaceutical  
19 product that has therapeutic or diagnostic value and is regulated.

20 (viii) Product research and development.

21 (ix) Advanced vehicles technology, ~~that~~ **WHICH** is any  
22 technology that involves electric vehicles, hybrid vehicles, or  
23 alternative fuel vehicles, or components used in the construction  
24 of electric vehicles, hybrid vehicles, or alternative fuel  
25 vehicles. For purposes of this act:

26 (A) "Electric vehicle" means a road vehicle that draws  
27 propulsion energy only from an on-board source of electrical

1 energy.

2 (B) "Hybrid vehicle" means a road vehicle that can draw  
3 propulsion energy from both a consumable fuel and a rechargeable  
4 energy storage system.

5 (x) Tool and die manufacturing.

6 (l) "New capital investment" means 1 or more of the following:

7 (i) New construction. As used in this subparagraph:

8 (A) "New construction" means property not in existence on the  
9 date the authorized business enters into a written agreement with  
10 the authority and not replacement construction. New construction  
11 includes the physical addition of equipment or furnishings, subject  
12 to section 27(2)(a) to (o) of the general property tax act, 1893 PA  
13 206, MCL 211.27.

14 (B) "Replacement construction" means that term as defined in  
15 section 34d(1)(b)(v) of the general property tax act, 1893 PA 206,  
16 MCL 211.34d.

17 (ii) The purchase of new personal property. As used in this  
18 subparagraph, "new personal property" means personal property that  
19 is not subject to or that is exempt from the collection of taxes  
20 under the general property tax act, 1893 PA 206, MCL 211.1 to  
21 211.157, on the date the authorized business enters into a written  
22 agreement with the authority.

23 (m) "Qualified high-technology business" means a business that  
24 is either of the following:

25 (i) A business with not less than 25% of the total operating  
26 expenses of the business used for research and development in the  
27 tax year in which the business files an application under this act

1 as determined under generally accepted accounting principles and  
2 verified by the authority.

3 (ii) A business whose primary business activity is high-  
4 technology activity.

5 (n) "Qualified new job" means 1 of the following:

6 (i) A full-time job created by an authorized business at a  
7 facility that is in excess of the number of full-time jobs the  
8 authorized business maintained in this state prior to the expansion  
9 or location, as determined by the authority.

10 (ii) For jobs created after July 1, 2000, a full-time job at a  
11 facility created by an eligible business that is in excess of the  
12 number of full-time jobs maintained by that eligible business in  
13 this state 120 days before the eligible business became an  
14 authorized business, as determined by the authority.

15 (iii) For a distressed business, a full-time job at a facility  
16 that is in excess of the number of full-time jobs maintained by  
17 that eligible business in this state on the date the eligible  
18 business became an authorized business.

19 (o) "Retained jobs" means the number of full-time jobs at a  
20 facility of an authorized business maintained in this state on a  
21 specific date as that date and number of jobs is determined by the  
22 authority.

23 (p) "Rural business" means an eligible business located in a  
24 county with a population of 80,000 or less.

25 (q) "Subsidiary business" means a business that is directly or  
26 indirectly controlled or at least 80% owned by an authorized  
27 business.

1           (r) "Written agreement" means a written agreement made  
2 pursuant to section 8.