

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1115

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
(MCL 208.1101 to 208.1601) by adding section 431a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 431A. (1) A QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST
2 THE TAX IMPOSED BY THIS ACT IN AN AMOUNT UP TO 100% OF THE
3 QUALIFIED SUPPLIER'S OR CUSTOMER'S PAYROLL ATTRIBUTABLE TO
4 EMPLOYEES WHO PERFORM QUALIFIED NEW JOBS AS DETERMINED BY THE
5 MICHIGAN ECONOMIC GROWTH AUTHORITY, MULTIPLIED BY THE TAX RATE FOR
6 THE TAX YEAR FOR A PERIOD OF UP TO 5 YEARS AS DETERMINED BY THE
7 MICHIGAN ECONOMIC GROWTH AUTHORITY. IF THE CREDIT ALLOWED UNDER
8 THIS SUBSECTION EXCEEDS THE LIABILITY OF THE TAXPAYER FOR THE TAX
9 YEAR, THE TAXPAYER MAY ELECT TO HAVE THAT PORTION THAT EXCEEDS THE
10 TAX LIABILITY OF THE TAXPAYER REFUNDED OR TO HAVE THE EXCESS

1 CARRIED FORWARD TO OFFSET TAX LIABILITY IN SUBSEQUENT YEARS FOR 10
2 YEARS OR UNTIL IT IS USED UP, WHICHEVER OCCURS FIRST. THE MICHIGAN
3 ECONOMIC GROWTH AUTHORITY SHALL NOT DESIGNATE MORE THAN 5 TAXPAYERS
4 AS AN ANCHOR COMPANY IN EACH CALENDAR YEAR AND SHALL NOT APPROVE
5 MORE THAN 5 NEW CREDITS IN EACH CALENDAR YEAR UNDER THIS
6 SUBSECTION. A TAXPAYER HAS 5 YEARS FROM THE DATE ON WHICH THE
7 TAXPAYER IS DESIGNATED AS AN ANCHOR COMPANY TO SEEK CERTIFICATION
8 FROM THE MICHIGAN ECONOMIC GROWTH AUTHORITY AS A QUALIFIED TAXPAYER
9 FOR EACH QUALIFIED SUPPLIER OR CUSTOMER FOR WHICH A CREDIT IS
10 SOUGHT UNDER THIS SECTION. HOWEVER, A CREDIT SHALL NOT BE PROVIDED
11 FOR A TAX YEAR PRIOR TO THE TAX YEAR DURING WHICH THE CERTIFICATION
12 IS MADE. IF A QUALIFIED TAXPAYER IS AWARDED A CREDIT UNDER THIS
13 SUBSECTION, ANY SUBSEQUENT CREDITS AWARDED TO THAT QUALIFIED
14 TAXPAYER SHALL NOT BE INCLUDED IN DETERMINING THE YEARLY LIMIT OF 5
15 NEW CREDITS UNDER THIS SUBSECTION.

16 (2) THE MICHIGAN ECONOMIC GROWTH AUTHORITY MAY ALSO PROVIDE
17 THAT QUALIFIED SALES TO A QUALIFIED SUPPLIER OR CUSTOMER ARE NOT
18 SALES IN THIS STATE FOR PURPOSES OF CALCULATING THE SALES FACTOR
19 UNDER THIS ACT FOR THE TAX YEAR FOR WHICH A CREDIT IS PROVIDED
20 UNDER THIS SECTION. QUALIFIED SALES TO A QUALIFIED SUPPLIER OR
21 CUSTOMER ARE THE TOTAL SALES IN THIS STATE TO A QUALIFIED SUPPLIER
22 OR CUSTOMER MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE
23 COMPENSATION ON WHICH THE CREDIT IN THIS SECTION IS CALCULATED AND
24 THE DENOMINATOR OF WHICH IS THE TOTAL COMPENSATION OF THE QUALIFIED
25 SUPPLIER OR CUSTOMER IN THIS STATE.

26 (3) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION
27 UNLESS THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS ISSUED A

1 CERTIFICATE TO THE TAXPAYER. THE TAXPAYER SHALL ATTACH THE
2 CERTIFICATE TO THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH THE
3 CREDIT UNDER THIS SECTION IS CLAIMED. THE CERTIFICATE REQUIRED BY
4 THIS SUBSECTION SHALL STATE ALL OF THE FOLLOWING:

5 (A) THE TAXPAYER IS A QUALIFIED TAXPAYER AND THE DATE ON WHICH
6 THE TAXPAYER WAS DESIGNATED AS AN ANCHOR COMPANY.

7 (B) THE AMOUNT OF THE CREDIT UNDER THIS SECTION FOR THE
8 QUALIFIED TAXPAYER FOR THE DESIGNATED TAX YEAR.

9 (C) THE AMOUNT OF THE QUALIFIED SALES CALCULATED IN ACCORDANCE
10 WITH THE FRACTION DESCRIBED UNDER SUBSECTION (2).

11 (D) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
12 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE
13 TAXPAYER.

14 (4) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION AND
15 SUBSEQUENTLY FAILS TO MEET THE REQUIREMENTS OF THIS SECTION OR ANY
16 OTHER CONDITIONS INCLUDED IN AN AGREEMENT ENTERED INTO WITH THE
17 MICHIGAN ECONOMIC GROWTH AUTHORITY IN ORDER TO OBTAIN A CERTIFICATE
18 FOR WHICH THE CREDIT WAS UNDER THIS SECTION MAY, AS TO BE
19 DETERMINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY, HAVE ITS
20 CREDIT REDUCED OR TERMINATED OR HAVE A PERCENTAGE OF THE CREDIT
21 AMOUNT PREVIOUSLY CLAIMED UNDER THIS SECTION ADDED BACK TO THE TAX
22 LIABILITY OF THE TAXPAYER IN THE YEAR THAT THE TAXPAYER FAILS TO
23 COMPLY WITH THIS SECTION OR THE AGREEMENT.

24 (5) AS USED IN THIS SECTION:

25 (A) "ANCHOR COMPANY" MEANS A QUALIFIED HIGH-TECHNOLOGY
26 BUSINESS THAT IS AN INTEGRAL PART OF A HIGH-TECHNOLOGY ACTIVITY AND
27 THAT HAS THE ABILITY OR POTENTIAL ABILITY TO INFLUENCE BUSINESS

1 DECISIONS AND SITE LOCATION OF QUALIFIED SUPPLIERS AND CUSTOMERS.

2 (B) "BUSINESS", "QUALIFIED HIGH-TECHNOLOGY ACTIVITY", AND
3 "QUALIFIED HIGH-TECHNOLOGY BUSINESS" MEAN THOSE TERMS AS DEFINED IN
4 THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801
5 TO 207.810.

6 (C) "FULL-TIME JOB" MEANS A JOB PERFORMED BY AN INDIVIDUAL FOR
7 35 HOURS OR MORE EACH WEEK AND WHOSE INCOME AND SOCIAL SECURITY
8 TAXES ARE WITHHELD BY 1 OR MORE OF THE FOLLOWING:

9 (i) A QUALIFIED SUPPLIER OR CUSTOMER.

10 (ii) AN EMPLOYEE LEASING COMPANY ON BEHALF OF A QUALIFIED
11 SUPPLIER OR CUSTOMER.

12 (iii) A PROFESSIONAL EMPLOYER ORGANIZATION ON BEHALF OF A
13 QUALIFIED SUPPLIER OR CUSTOMER.

14 (D) "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 (E) "QUALIFIED NEW JOB" MEANS A FULL-TIME JOB CREATED BY A
18 QUALIFIED SUPPLIER OR CUSTOMER AT A FACILITY OR FACILITIES THAT IS
19 IN EXCESS OF THE NUMBER OF FULL-TIME JOBS A QUALIFIED SUPPLIER OR
20 CUSTOMER MAINTAINED IN THIS STATE OR AT A FACILITY PRIOR TO THE
21 EXPANSION OR LOCATION, AS DETERMINED BY THE AUTHORITY.

22 (F) "QUALIFIED SUPPLIER OR CUSTOMER" MEANS A BUSINESS THAT
23 OPENS A NEW LOCATION IN THIS STATE, A BUSINESS THAT LOCATES IN THIS
24 STATE, OR AN EXISTING BUSINESS LOCATED IN THIS STATE THAT EXPANDS
25 ITS BUSINESS WITHIN THE LAST YEAR AS A RESULT OF AN ANCHOR COMPANY
26 AND SATISFIES, AS CERTIFIED BY THE MICHIGAN ECONOMIC GROWTH
27 AUTHORITY, EACH OF THE FOLLOWING:

1 (i) HAS FINANCIAL TRANSACTIONS WITH THE ANCHOR COMPANY.

2 (ii) SELLS A CRITICAL OR UNIQUE COMPONENT OR TECHNOLOGY
3 NECESSARY FOR THE ANCHOR COMPANY TO MARKET A FINISHED PRODUCT OR
4 BUYS A CRITICAL OR UNIQUE COMPONENT FROM THE ANCHOR COMPANY.

5 (iii) HAS CREATED MORE THAN 10 QUALIFIED NEW JOBS.

6 (iv) HAS MADE AN INVESTMENT OF AT LEAST \$1,000,000.00 AS
7 CERTIFIED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY.

8 (G) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT WAS DESIGNATED
9 BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY AS AN ANCHOR COMPANY
10 WITHIN THE LAST 5 YEARS AND THAT HAS INFLUENCED A NEW QUALIFIED
11 SUPPLIER OR CUSTOMER TO OPEN, LOCATE, OR EXPAND IN THIS STATE.