

SUBSTITUTE FOR
SENATE BILL NO. 944

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
(MCL 208.1101 to 208.1601) by adding section 450.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 450. (1) FOR TAX YEARS THAT BEGIN ON OR AFTER JANUARY 1,
2 2008 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 107 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 APRIL 1, 2007 WITH THE MICHIGAN ECONOMIC GROWTH AUTHORITY
9 THAT PROVIDES ALL OF THE FOLLOWING:

Senate Bill No. 944 as amended December 6, 2007

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
11 SECTION THAT ANY 1 TAXPAYER MAY CLAIM SHALL NOT EXCEED
12 \$2,000,000.00 IN A SINGLE TAX YEAR.

13 (4) A TAXPAYER THAT QUALIFIED TO CLAIM THE CREDIT UNDER
14 SECTION 34 OF FORMER 1975 PA 228 MAY CLAIM THE CREDIT UNDER THIS
15 SECTION FOR THE TOTAL NUMBER OF YEARS DESIGNATED IN THE AGREEMENT,
16 REDUCED BY THE NUMBER OF YEARS THE TAXPAYER CLAIMED THE CREDIT
17 UNDER SECTION 34 OF FORMER 1975 PA 228, OR UNTIL JANUARY 1, 2016,
18 WHICHEVER OCCURS FIRST.

19 (5) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION IS NOT
20 PROHIBITED FROM CLAIMING A CREDIT UNDER SECTION 405. HOWEVER, THE
21 TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION AND SECTION
22 405 BASED ON THE SAME RESEARCH AND DEVELOPMENT.

23 (6) AS USED IN THIS SECTION:

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

27 (B) "MOTOR VEHICLE" MEANS A MOTOR VEHICLE AS DEFINED IN

1 SECTION 33 OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.33,
2 THAT IS DESIGNED AS A PASSENGER VEHICLE, OR SPORT UTILITY VEHICLE,
3 BUT DOES NOT INCLUDE A MOTOR HOME, BUS, TRUCK OTHER THAN A PICKUP
4 TRUCK OR VAN, OR A VEHICLE DESIGNED TO TRAVEL ON LESS THAN 4
5 WHEELS.

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

8 (i) HAS A POPULATION OF NOT LESS THAN 80,000 AND NOT MORE THAN
9 82,000 AS DESIGNATED BY THE UNITED STATES BUREAU OF THE CENSUS IN
10 THE 2000 CENSUS.

11 (ii) IS LOCATED IN A COUNTY THAT HAS A POPULATION OF NOT LESS
12 THAN 1,000,000 AND NOT MORE THAN 1,300,000 AS DESIGNATED BY THE
13 UNITED STATES BUREAU OF THE CENSUS IN THE 2000 CENSUS.

14 (D) "QUALIFIED FACILITY" MEANS A LEASED FACILITY IN A
15 QUALIFIED CITY USED FOR THE RESEARCH AND DEVELOPMENT OF A QUALIFIED
16 TECHNOLOGY.

17 (E) "QUALIFIED TECHNOLOGY" MEANS A HYBRID SYSTEM THE PRIMARY
18 PURPOSE OF WHICH IS THE PROPULSION OF A MOTOR VEHICLE.

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

21 Enacting section 1. This amendatory act takes effect January
22 1, 2008.