

SUBSTITUTE FOR  
SENATE BILL NO. 1190

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 431 (MCL 208.1431).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 431. (1) ~~For~~**EXCEPT AS OTHERWISE PROVIDED UNDER THIS**  
2 **SUBSECTION, FOR** a period of time not to exceed 20 years as  
3 determined by the Michigan economic growth authority, a taxpayer  
4 that is an authorized business ~~or an eligible taxpayer~~ may claim a  
5 credit against the tax imposed by this act equal to the amount  
6 certified each year by the Michigan economic growth authority as  
7 follows:

8           (a) ~~For~~**EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBDIVISION,**  
9 **FOR** an authorized business for the tax year, an amount not to  
10 exceed the payroll of the authorized business attributable to

1 employees who perform qualified new jobs as determined under the  
2 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to  
3 207.810, multiplied by the tax rate; **BEGINNING AFTER THE EFFECTIVE**  
4 **DATE OF THE AMENDATORY ACT THAT ADDED SUBDIVISION (D), FOR AN**  
5 **AUTHORIZED BUSINESS FOR THE TAX YEAR, AN AMOUNT NOT TO EXCEED THE**  
6 **SUM OF THE PAYROLL AND HEALTH CARE BENEFITS OF THE AUTHORIZED**  
7 **BUSINESS ATTRIBUTABLE TO EMPLOYEES WHO PERFORM QUALIFIED NEW JOBS**  
8 **AS DETERMINED UNDER THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT,**  
9 **1995 PA 24, MCL 207.801 TO 207.810, MULTIPLIED BY THE TAX RATE.**

10 (b) For an eligible business as determined under section  
11 8(5)(a) of the Michigan economic growth authority act, 1995 PA 24,  
12 MCL 207.808, an amount not to exceed 50% of the payroll of the  
13 ~~eligible taxpayer~~ **AUTHORIZED BUSINESS** attributable to employees who  
14 perform retained jobs as determined under the Michigan economic  
15 growth authority act, 1995 PA 24, MCL 207.801 to 207.810,  
16 multiplied by the tax rate for the tax year.

17 (c) For an eligible business as determined under section  
18 8(5)(b) of the Michigan economic growth authority act, 1995 PA 24,  
19 MCL 207.808, an amount not to exceed the payroll of the ~~eligible~~  
20 ~~taxpayer~~ **AUTHORIZED BUSINESS** attributable to employees who perform  
21 retained jobs as determined under the Michigan economic growth  
22 authority act, 1995 PA 24, MCL 207.801 to 207.810, multiplied by  
23 the tax rate for the tax year.

24 (D) **FOR AN AUTHORIZED BUSINESS THAT IS A QUALIFIED HIGH-**  
25 **TECHNOLOGY BUSINESS, FOR A PERIOD OF TIME NOT TO EXCEED 7 YEARS AS**  
26 **DETERMINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY, AN AMOUNT NOT**  
27 **TO EXCEED 200% OF THE SUM OF THE PAYROLL AND HEALTH CARE BENEFITS**

Senate Bill No. 1190 as amended March 25, 2008

1 OF THE QUALIFIED HIGH-TECHNOLOGY BUSINESS ATTRIBUTABLE TO EMPLOYEES  
 2 WHO PERFORM QUALIFIED NEW JOBS AS DETERMINED UNDER THE MICHIGAN  
 3 ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810,  
 4 FOR THE FIRST 3 TAX YEARS OF THE CREDIT, MULTIPLIED BY THE TAX RATE  
 5 AND, FOR EACH OF THE REMAINING TAX YEARS OF THE CREDIT, AN AMOUNT  
 6 NOT TO EXCEED 100% OF THE SUM OF THE PAYROLL AND HEALTH CARE  
 7 BENEFITS OF THE QUALIFIED HIGH-TECHNOLOGY BUSINESS ATTRIBUTABLE TO  
 8 EMPLOYEES WHO PERFORM QUALIFIED NEW JOBS AS DETERMINED UNDER THE  
 9 MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO  
 10 207.810, MULTIPLIED BY THE TAX RATE.

11 (E) FOR AN AUTHORIZED BUSINESS AS DETERMINED UNDER SECTION  
 12 8(9) OF THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL  
 13 207.808, AN AMOUNT <<UP TO, BUT NOT TO EXCEED 100% OF,>> THE SUM OF THE  
 14 PAYROLL AND HEALTH CARE  
 15 BENEFITS OF THE AUTHORIZED BUSINESS ATTRIBUTABLE TO EMPLOYEES WHO  
 16 PERFORM RETAINED JOBS MULTIPLIED BY A FRACTION<<,>> THE NUMERATOR OF  
 17 WHICH IS THE AMOUNT OF NEW CAPITAL INVESTMENT MADE AT THE FACILITY  
 18 AND THE DENOMINATOR OF WHICH IS THE <<PRODUCT OF THE>> NUMBER OF RETAINED  
 19 JOBS <<MULTIPLIED BY \$100,000.00  
 20 >>, AND THEN MULTIPLIED BY THE TAX RATE  
 21 FOR THE TAX YEAR.

22 (F) FOR AN AUTHORIZED BUSINESS AS DETERMINED UNDER SECTION  
 23 8(11) OF THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24,  
 24 MCL 207.808, AN AMOUNT NOT TO EXCEED 100% OF THE SUM OF THE PAYROLL  
 25 AND HEALTH CARE BENEFITS OF THE AUTHORIZED BUSINESS ATTRIBUTABLE TO  
 26 EMPLOYEES WHO PERFORM NEW FULL-TIME JOBS AND RETAINED JOBS AS  
 27 DETERMINED UNDER THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995  
 PA 24, MCL 207.801 TO 207.810, MULTIPLIED BY THE TAX RATE FOR THE

1 **TAX YEAR.**

2 (2) A taxpayer shall not claim a credit under this section  
3 unless the Michigan economic growth authority has issued a  
4 certificate to the taxpayer. The taxpayer shall attach the  
5 certificate to the annual return filed under this act on which a  
6 credit under this section is claimed.

7 (3) The certificate required by subsection (2) shall state all  
8 of the following:

9 (a) The taxpayer is an authorized business. ~~or an eligible~~  
10 ~~taxpayer.~~

11 (b) The amount of the credit under this section for the  
12 authorized business ~~or eligible taxpayer~~ for the designated tax  
13 year.

14 (c) The taxpayer's federal employer identification number or  
15 the Michigan department of treasury number assigned to the  
16 taxpayer.

17 (4) The Michigan economic growth authority may certify a  
18 credit under this section based on an agreement entered into prior  
19 to January 1, 2008 pursuant to section 37c of former 1975 PA 228.  
20 The number of years for which the credit may be claimed under this  
21 section shall equal the maximum number of years designated in the  
22 resolution reduced by the number of years for which a credit has  
23 been claimed or could have been claimed under section 37c of former  
24 1975 PA 228.

25 (5) If the credit allowed under this section exceeds the tax  
26 liability of the taxpayer for the tax year, that portion of the  
27 credit that exceeds the tax liability of the taxpayer shall be

1 refunded.

2 (6) ~~A~~ EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, A  
3 taxpayer that claims a credit under subsection (1) or section 37c  
4 or 37d of former 1975 PA 228, that has an agreement with the  
5 Michigan economic growth authority based on qualified new jobs as  
6 defined in section ~~3(n)(ii)~~ 3(P)(ii) of the Michigan economic growth  
7 authority act, 1995 PA 24, MCL 207.803, and that removes from this  
8 state 51% or more of those qualified new jobs within 3 years after  
9 the first year in which the taxpayer claims a credit described in  
10 this subsection shall pay to the department no later than 12 months  
11 after those qualified new jobs are removed from the state an amount  
12 equal to the total of all credits described in this subsection that  
13 were claimed by the taxpayer. BEGINNING AFTER THE EFFECTIVE DATE OF  
14 THE AMENDATORY ACT THAT ADDED SUBSECTION (1) (D), A TAXPAYER THAT  
15 CLAIMS A CREDIT UNDER SUBSECTION (1) AND SUBSEQUENTLY FAILS TO MEET  
16 THE REQUIREMENTS OF THIS SECTION OR ANY OTHER CONDITIONS INCLUDED  
17 IN AN AGREEMENT ENTERED INTO WITH THE MICHIGAN ECONOMIC GROWTH  
18 AUTHORITY IN ORDER TO OBTAIN A CERTIFICATE FOR THE CREDIT CLAIMED  
19 UNDER THIS SECTION OR REMOVES ANY OF THE QUALIFIED NEW JOBS FROM  
20 THIS STATE DURING THE TERM OF THE WRITTEN AGREEMENT AND FOR A  
21 PERIOD OF YEARS AFTER THE TERM OF THE WRITTEN AGREEMENT, AS  
22 DETERMINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY, MAY HAVE ITS  
23 CREDIT REDUCED OR TERMINATED OR HAVE A PERCENTAGE OF THE CREDIT  
24 AMOUNT PREVIOUSLY CLAIMED UNDER THIS SECTION ADDED BACK TO THE TAX  
25 LIABILITY OF THE TAXPAYER IN THE TAX YEAR THAT THE TAXPAYER FAILS  
26 TO COMPLY WITH THIS SECTION OR THE AGREEMENT.

27 (7) If the Michigan economic growth authority or a designee of

1 the Michigan economic growth authority requests that a taxpayer  
 2 that claims the credit under this section get a statement prepared  
 3 by a certified public accountant verifying that the actual number  
 4 of new jobs created is the same number of new jobs used to  
 5 calculate the credit under this section, the taxpayer shall get the  
 6 statement and attach that statement to its annual return under this  
 7 act on which the credit under this section is claimed.

8 (8) A credit shall not be claimed by a taxpayer under this  
 9 section if the taxpayer's initial certification as required in  
 10 subsection (3) is issued after December 31, 2013.

11 (9) For purposes of this section, taxpayer includes a person  
 12 subject to the tax imposed under chapters 2A and 2B.

13 (10) As used in this section:

14 (a) "Authorized business", "facility", "full-time job",  
 15 "qualified high-technology business", "**RETAINED JOBS**", and "written  
 16 agreement" mean those terms as defined in the Michigan economic  
 17 growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

18 ~~— (b) "Eligible taxpayer" means an authorized business that~~  
 19 ~~meets the criteria under section 8(5) of the Michigan economic~~  
 20 ~~growth authority act, 1995 PA 24, MCL 207.808.~~

21 **(B) "HEALTH CARE BENEFITS" MEANS ALL COSTS PAID FOR A SELF-**  
 22 **FUNDED HEALTH CARE BENEFIT PLAN OR FOR AN EXPENSE-INCURRED**  
 23 **HOSPITAL, MEDICAL, OR SURGICAL POLICY OR CERTIFICATE, NONPROFIT**  
 24 **HEALTH CARE CORPORATION CERTIFICATE, OR HEALTH MAINTENANCE**  
 25 **ORGANIZATION CONTRACT. HEALTH CARE BENEFIT DOES NOT INCLUDE**  
 26 **ACCIDENT-ONLY, CREDIT, DENTAL, OR DISABILITY INCOME INSURANCE;**  
 27 **LONG-TERM CARE INSURANCE; COVERAGE ISSUED AS A SUPPLEMENT TO**

1 **LIABILITY INSURANCE; COVERAGE ONLY FOR A SPECIFIED DISEASE OR**  
2 **ILLNESS; WORKER'S COMPENSATION OR SIMILAR INSURANCE; OR AUTOMOBILE**  
3 **MEDICAL PAYMENT INSURANCE.**

4 (c) "Michigan economic growth authority" means the Michigan  
5 economic growth authority created in the Michigan economic growth  
6 authority act, 1995 PA 24, MCL 207.801 to 207.810.

7 (d) "Payroll" means the total salaries and wages before  
8 deducting any personal or dependency exemptions.

9 (e) "Qualified new jobs" means 1 or more of the following:

10 (i) The average number of full-time jobs at a facility of an  
11 authorized business for a tax year in excess of the average number  
12 of full-time jobs the authorized business maintained in this state  
13 prior to the expansion or location as that is determined under the  
14 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to  
15 207.810.

16 (ii) The average number of full-time jobs at a facility created  
17 by an eligible business ~~within 120~~ **UP TO 90** days before becoming an  
18 authorized business that is in excess of the average number of  
19 full-time jobs that the business maintained in this state ~~120~~ **UP TO**  
20 **90** days before becoming an authorized business, as determined under  
21 the Michigan economic growth authority act, 1995 PA 24, MCL 207.801  
22 to 207.810.

23 (f) "Tax rate" means the rate imposed under section ~~51e~~ **51** of  
24 the income tax act of 1967, 1967 PA 281, MCL ~~206.51e~~ **206.51**, for  
25 the tax year in which the tax year of the taxpayer for which the  
26 credit is being computed begins.

27 Enacting section 1. This amendatory act does not take effect

1 unless all of the following bills of the 94th Legislature are  
2 enacted into law:

3 (a) Senate Bill No. 1187.

4 (b) Senate Bill No. 1188.

5 (c) Senate Bill No. 1189.