

HOUSE BILL No. 5409

November 1, 2007, Introduced by Reps. Bieda and Brandenburg and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
(MCL 208.1101 to 208.1601) by adding section 451.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 451. (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:

10 (A) THE TYPE AND NUMBER OF JOBS AT THE QUALIFIED FACILITY TO

1 WHICH THE AGREEMENT APPLIES.

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

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

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

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

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

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

22 (6) AS USED IN THIS SECTION:

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

26 (B) "MOTOR VEHICLE" MEANS A MOTOR VEHICLE AS DEFINED IN
27 SECTION 33 OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.33,

1 THAT IS DESIGNED AS A PASSENGER VEHICLE, OR SPORT UTILITY VEHICLE,
2 BUT DOES NOT INCLUDE A MOTOR HOME, BUS, TRUCK OTHER THAN A PICKUP
3 TRUCK OR VAN, OR A VEHICLE DESIGNED TO TRAVEL ON LESS THAN 4
4 WHEELS.

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

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

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

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

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

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

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