

# HOUSE BILL No. 5949

April 8, 2008, Introduced by Reps. Clemente, Byrnes, Mayes, Tobocman, Huizenga, Griffin, Robert Jones, Bauer, Warren, Sak, Moss, Brown, Alma Smith, Coulouris and Dean and referred to the Committee on New Economy and Quality of Life.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
(MCL 208.1101 to 208.1601) by adding sections 461, 462, and 463.

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

1           SEC. 461. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
2   2008, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS  
3   ACT EQUAL TO THE AMOUNT DETERMINED BY THE CULTURAL REDEVELOPMENT  
4   DISTRICT AUTHORITY FOR PROJECTS LOCATED IN A CULTURAL REDEVELOPMENT  
5   DISTRICT THAT HAVE BEEN APPROVED BY THE CULTURAL REDEVELOPMENT  
6   AUTHORITY BOARD THAT ARE PART OF THE APPLICATION SUBMITTED BY A  
7   QUALIFIED LOCAL GOVERNMENTAL UNIT IN WHICH THE PROJECT WILL BE  
8   DEVELOPED.

9           (2) A TAXPAYER SHALL APPLY TO THE CULTURAL REDEVELOPMENT

1 AUTHORITY BOARD FOR APPROVAL OF A PROJECT UNDER THIS SECTION. THE  
2 CULTURAL REDEVELOPMENT AUTHORITY BOARD IS AUTHORIZED TO APPROVE OR  
3 DENY AN APPLICATION. A PROJECT SHALL BE APPROVED OR DENIED NOT MORE  
4 THAN 45 DAYS AFTER RECEIPT OF THE APPLICATION. IF THE CULTURAL  
5 REDEVELOPMENT AUTHORITY BOARD DOES NOT APPROVE OR DENY AN  
6 APPLICATION WITHIN 45 DAYS AFTER THE APPLICATION IS RECEIVED BY THE  
7 CULTURAL REDEVELOPMENT AUTHORITY BOARD, THE APPLICATION IS  
8 CONSIDERED APPROVED AS WRITTEN. IF THE CULTURAL REDEVELOPMENT  
9 AUTHORITY BOARD APPROVES A PROJECT, THE CULTURAL REDEVELOPMENT  
10 AUTHORITY BOARD SHALL ISSUE AN APPROVAL LETTER THAT STATES THAT THE  
11 TAXPAYER QUALIFIES FOR THE CREDIT UNDER THIS SECTION AND THE AMOUNT  
12 OF THE CREDIT THAT THE TAXPAYER MAY CLAIM FOR THE PROJECT. IF AN  
13 APPLICATION IS DENIED, A TAXPAYER IS NOT PROHIBITED FROM  
14 SUBSEQUENTLY APPLYING FOR THE SAME PROJECT OR FOR ANOTHER PROJECT.  
15 A TAXPAYER AND ASSIGNEES UNDER SUBSECTION (5) THAT CLAIM A CREDIT  
16 UNDER THIS SECTION SHALL ATTACH A COPY OF THE APPROVAL LETTER TO  
17 THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH THE CREDIT IS  
18 CLAIMED.

19 (3) THE TOTAL OF ALL CREDITS FOR ALL PROJECTS APPROVED UNDER  
20 THIS SECTION SHALL NOT EXCEED \$1,000,000.00 IN ANY CALENDAR YEAR.

21 (4) THE CREDIT FOR EACH PROJECT APPROVED UNDER THIS SECTION  
22 SHALL NOT EXCEED \$250,000.00.

23 (5) A TAXPAYER MAY ASSIGN ALL OR A PORTION OF A CREDIT ALLOWED  
24 UNDER THIS SECTION. A CREDIT ASSIGNMENT UNDER THIS SUBSECTION IS  
25 IRREVOCABLE AND SHALL BE MADE IN THE TAX YEAR IN WHICH THE PROJECT  
26 IS COMPLETED. A TAXPAYER MAY CLAIM A PORTION OF A CREDIT AND ASSIGN  
27 THE REMAINING CREDIT AMOUNT. IF THE TAXPAYER BOTH CLAIMS AND

1 ASSIGNS PORTIONS OF THE CREDIT, THE TAXPAYER SHALL CLAIM THE  
2 PORTION IT CLAIMS IN THE TAX YEAR IN WHICH THE PROJECT IS  
3 COMPLETED. AN ASSIGNEE MAY SUBSEQUENTLY ASSIGN A CREDIT OR ANY  
4 PORTION OF A CREDIT ASSIGNED UNDER THIS SECTION TO 1 OR MORE  
5 ASSIGNEES. THE CREDIT ASSIGNMENT OR A SUBSEQUENT REASSIGNMENT UNDER  
6 THIS SECTION SHALL BE MADE ON A FORM PRESCRIBED BY THE CULTURAL  
7 REDEVELOPMENT DISTRICT AUTHORITY. THE TAXPAYER SHALL SEND A COPY OF  
8 THE COMPLETED ASSIGNMENT FORM TO THE CULTURAL REDEVELOPMENT  
9 DISTRICT AUTHORITY IN THE TAX YEAR IN WHICH AN ASSIGNMENT OR  
10 REASSIGNMENT IS MADE. AN ASSIGNEE OR SUBSEQUENT REASSIGNEE SHALL  
11 ATTACH A COPY OF THE COMPLETED ASSIGNMENT FORM TO ITS ANNUAL RETURN  
12 REQUIRED UNDER THIS ACT, FOR THE TAX YEAR IN WHICH THE ASSIGNMENT  
13 OR REASSIGNMENT IS MADE AND THE ASSIGNEE OR REASSIGNEE FIRST CLAIMS  
14 A CREDIT, WHICH SHALL BE THE SAME TAX YEAR.

15 (6) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR  
16 AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED UNDER THIS  
17 SECTION EXCEED THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR,  
18 THE EXCESS SHALL NOT BE REFUNDED, BUT MAY BE CARRIED FORWARD AS AN  
19 OFFSET TO THE TAX LIABILITY IN SUBSEQUENT TAX YEARS FOR 10 TAX  
20 YEARS OR UNTIL THE EXCESS CREDIT IS USED UP, WHICHEVER OCCURS  
21 FIRST.

22 (7) AS USED IN THIS SECTION:

23 (A) "ARTIST", "ARTISTIC WORK", "CULTURAL REDEVELOPMENT  
24 DISTRICT AUTHORITY", "CULTURAL REDEVELOPMENT DISTRICT AUTHORITY  
25 BOARD", "CULTURAL REDEVELOPMENT DISTRICT", AND "QUALIFIED LOCAL  
26 GOVERNMENTAL UNIT" MEAN THOSE TERMS AS DEFINED IN THE CULTURAL  
27 REDEVELOPMENT DISTRICT AUTHORITY ACT.

1 (B) "PROJECT" MEANS ANY DEVELOPMENT PROJECT WITHIN THE  
2 CULTURAL REDEVELOPMENT DISTRICT.

3 SEC. 462. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
4 2008, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS  
5 ACT EQUAL TO THE SUM OF THE FOLLOWING:

6 (A) THE AMOUNT OF PROPERTY TAXES LEVIED AGAINST THE TAXPAYER'S  
7 PROPERTY THAT IS RENTED TO A PERSON WHO IS AN ARTIST AND WHO LIVES  
8 IN THE PROPERTY OR THAT IS USED TO CREATE, SELL, OR DISPLAY  
9 ARTISTIC WORK MULTIPLIED FIRST BY THE PERCENTAGE IN SUBPARAGRAPH (i)  
10 AND THEN MULTIPLIED BY THE FRACTION DETERMINED UNDER SUBPARAGRAPH  
11 (ii) :

12 (i) THE PERCENTAGE OF THE TOTAL AREA OF THE TAXPAYER'S PROPERTY  
13 THAT IS RENTED TO THE ARTIST.

14 (ii) A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF DAYS  
15 DURING THE TAX YEAR THAT THE TAXPAYER'S PROPERTY IS RENTED TO AN  
16 ARTIST AND THE DENOMINATOR OF WHICH IS 365.

17 (B) THE AMOUNT OF PROPERTY TAXES LEVIED AGAINST THE TAXPAYER'S  
18 PROPERTY THAT IS LIVED IN BY THE TAXPAYER WHO IS AN ARTIST AND IS  
19 USED BY THE TAXPAYER TO CREATE OR IS USED TO DISPLAY ARTISTIC WORK  
20 MULTIPLIED FIRST BY THE PERCENTAGE IN SUBPARAGRAPH (i) AND THEN  
21 MULTIPLIED BY THE FRACTION DETERMINED UNDER SUBPARAGRAPH (ii) :

22 (i) THE PERCENTAGE OF THE TOTAL AREA OF THE TAXPAYER'S PROPERTY  
23 THAT IS LIVED IN BY THE TAXPAYER WHO IS AN ARTIST AND IS USED BY  
24 THE TAXPAYER TO CREATE OR DISPLAY ARTISTIC WORK.

25 (ii) A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF DAYS  
26 DURING THE TAX YEAR THAT THE TAXPAYER'S PROPERTY IS RENTED TO AN  
27 ARTIST AND THE DENOMINATOR OF WHICH IS 365.

1           (2) A TAXPAYER MAY CLAIM THE CREDIT UNDER SUBSECTION (1) (A) IF  
2 ALL OF THE FOLLOWING APPLY:

3           (A) THE ARTIST CREATES ARTISTIC WORK WHILE RESIDING AT THE  
4 TAXPAYER'S PROPERTY.

5           (B) THE TAXPAYER'S PROPERTY IS LOCATED IN A CULTURAL  
6 REDEVELOPMENT DISTRICT IN THIS STATE.

7           (C) THE TAXPAYER HAS APPLIED TO THE CULTURAL REDEVELOPMENT  
8 DISTRICT AUTHORITY FOR THE CULTURAL REDEVELOPMENT DISTRICT IN WHICH  
9 THE PROPERTY IS LOCATED AND THE AUTHORITY CERTIFIES THAT THE  
10 TAXPAYER IS ELIGIBLE.

11           (3) THE CREDIT IS EQUAL TO THE FOLLOWING PERCENTAGE OF THE  
12 TOTAL AMOUNT DETERMINED UNDER SUBSECTION (1):

13           (A) EIGHTY PERCENT FOR THE FIRST 5 TAX YEARS.

14           (B) SEVENTY PERCENT FOR THE SIXTH TAX YEAR.

15           (C) SIXTY PERCENT FOR THE SEVENTH TAX YEAR.

16           (D) FIFTY PERCENT FOR THE EIGHTH TAX YEAR.

17           (E) FORTY PERCENT FOR THE NINTH TAX YEAR.

18           (F) THIRTY PERCENT FOR THE TENTH TAX YEAR.

19           (G) ZERO PERCENT FOR EACH YEAR AFTER THE TENTH TAX YEAR.

20           (4) IF THE TAXPAYER'S PROPERTY CONTAINS MULTIPLE UNITS, THE  
21 CREDIT SHALL BE PRORATED TO INCLUDE ONLY THAT PORTION OF THE  
22 PROPERTY TAXES ATTRIBUTABLE TO THE UNITS OR PORTIONS OF UNITS  
23 RENTED TO 1 OR MORE ARTISTS OR USED TO CREATE OR DISPLAY ARTISTIC  
24 WORK.

25           (5) A TAXPAYER MAY ASSIGN ALL OR A PORTION OF A CREDIT ALLOWED  
26 UNDER THIS SECTION. A CREDIT ASSIGNMENT UNDER THIS SUBSECTION IS  
27 IRREVOCABLE AND SHALL BE MADE IN THE TAX YEAR IN WHICH THE PROJECT

1 IS COMPLETED. A TAXPAYER MAY CLAIM A PORTION OF A CREDIT AND ASSIGN  
2 THE REMAINING CREDIT AMOUNT. IF THE TAXPAYER BOTH CLAIMS AND  
3 ASSIGNS PORTIONS OF THE CREDIT, THE TAXPAYER SHALL CLAIM THE  
4 PORTION IT CLAIMS IN THE TAX YEAR IN WHICH THE PROJECT IS  
5 COMPLETED. AN ASSIGNEE MAY SUBSEQUENTLY ASSIGN A CREDIT OR ANY  
6 PORTION OF A CREDIT ASSIGNED UNDER THIS SECTION TO 1 OR MORE  
7 ASSIGNEES. THE CREDIT ASSIGNMENT OR A SUBSEQUENT REASSIGNMENT UNDER  
8 THIS SECTION SHALL BE MADE ON A FORM PRESCRIBED BY THE CULTURAL  
9 REDEVELOPMENT DISTRICT AUTHORITY. THE TAXPAYER SHALL SEND A COPY OF  
10 THE COMPLETED ASSIGNMENT FORM TO THE CULTURAL REDEVELOPMENT  
11 DISTRICT AUTHORITY IN THE TAX YEAR IN WHICH AN ASSIGNMENT OR  
12 REASSIGNMENT IS MADE. AN ASSIGNEE OR SUBSEQUENT REASSIGNEE SHALL  
13 ATTACH A COPY OF THE COMPLETED ASSIGNMENT FORM TO ITS ANNUAL RETURN  
14 REQUIRED UNDER THIS ACT, FOR THE TAX YEAR IN WHICH THE ASSIGNMENT  
15 OR REASSIGNMENT IS MADE AND THE ASSIGNEE OR REASSIGNEE FIRST CLAIMS  
16 A CREDIT, WHICH SHALL BE THE SAME TAX YEAR.

17 (6) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR  
18 AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION  
19 EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION  
20 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE  
21 REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN  
22 SUBSEQUENT YEARS FOR 10 YEARS OR UNTIL USED UP, WHICHEVER OCCURS  
23 FIRST.

24 (7) AS USED IN THIS SECTION AND SECTION 463:

25 (A) "ARTIST" AND "ARTISTIC WORK" MEAN THOSE TERMS AS DEFINED  
26 IN THE CULTURAL REDEVELOPMENT DISTRICT AUTHORITY ACT.

27 (B) "AUTHORITY" OR "CULTURAL REDEVELOPMENT DISTRICT AUTHORITY"

1 MEANS AN AUTHORITY CREATED IN THE CULTURAL REDEVELOPMENT DISTRICT  
2 AUTHORITY ACT.

3 (C) "CULTURAL REDEVELOPMENT DISTRICT" MEANS A DISTRICT AS THAT  
4 TERM IS DEFINED IN THE CULTURAL REDEVELOPMENT DISTRICT AUTHORITY  
5 ACT.

6 (D) "PROPERTY TAXES" MEANS THAT TERM AS DEFINED IN SECTION 512  
7 OF THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.512.

8 SEC. 463. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
9 2008, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS  
10 ACT EQUAL TO THE CONTRIBUTIONS MADE IN THE TAX YEAR TO A QUALIFIED  
11 NONPROFIT ORGANIZATION LOCATED WITHIN OR CONDUCTING BUSINESS IN A  
12 CULTURAL REDEVELOPMENT DISTRICT.

13 (2) A CREDIT UNDER THIS SECTION SHALL NOT EXCEED \$5,000.00 OR  
14 5% OF THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, WHICHEVER IS  
15 LESS.

16 (3) A CONTRIBUTION USED TO CALCULATE A CREDIT UNDER THIS  
17 SECTION SHALL NOT BE USED TO CALCULATE A CREDIT UNDER ANY OTHER  
18 SECTION OF THIS ACT OR UNDER THE INCOME TAX ACT OF 1967, 1967 PA  
19 281, MCL 206.1 TO 206.532.

20 (4) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION  
21 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT  
22 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE  
23 REFUNDED.

24 (5) AS USED IN THIS SECTION, "QUALIFIED NONPROFIT  
25 ORGANIZATION" MEANS AN ENTITY THAT IS EXEMPT FROM TAXATION UNDER  
26 SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND THE PRIMARY  
27 PURPOSE OF WHICH IS TO PROMOTE THE CREATION, DISTRIBUTION, AND

1 **MARKETING OF ARTISTIC WORKS OR ARTS EDUCATION.**