

SUBSTITUTE FOR
HOUSE BILL NO. 4176

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
(MCL 208.1101 to 208.1601) by adding section 465.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 465. (1) SUBJECT TO THE LIMITATIONS PROVIDED UNDER
2 SUBSECTION (10), FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2008,
3 A TAXPAYER THAT PURCHASES A QUALIFIED EQUITY INVESTMENT EARNS A
4 VESTED RIGHT TO A TAX CREDIT UNDER THIS SECTION. THE HOLDER OF THAT
5 QUALIFIED EQUITY INVESTMENT MAY CLAIM A CREDIT AGAINST THE TAX
6 IMPOSED BY THIS ACT, THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL
7 206.1 TO 206.532, OR SECTION 476A OF THE INSURANCE CODE OF 1956,
8 1956 PA 218, MCL 500.476A, EQUAL TO THE APPLICABLE PERCENTAGE OF
9 THE PURCHASE PRICE PAID TO THE QUALIFIED COMMUNITY DEVELOPMENT
10 ENTITY FOR THE QUALIFIED EQUITY INVESTMENT. THE AMOUNT OF THE

1 CREDIT ALLOWED TO BE CLAIMED UNDER THIS SECTION SHALL NOT EXCEED
2 THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR. IF THE AMOUNT
3 OF THE CREDIT ALLOWED UNDER THIS SECTION AND ANY UNUSED
4 CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION EXCEED THE TAX
5 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION THAT
6 EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED OR TRANSFERRED,
7 EXCEPT AS PROVIDED IN SUBSECTION (7), BUT MAY BE CARRIED FORWARD TO
8 OFFSET TAX LIABILITY IN SUBSEQUENT TAX YEARS.

9 (2) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT SEEKS TO
10 HAVE AN EQUITY INVESTMENT OR LONG-TERM DEBT SECURITY DESIGNATED AS
11 A QUALIFIED EQUITY INVESTMENT AND ELIGIBLE FOR TAX CREDITS SHALL
12 APPLY TO THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION FOR
13 CERTIFICATION. A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS
14 SECTION UNLESS THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT
15 ISSUED THE QUALIFIED EQUITY INVESTMENT HAS SUBMITTED AN APPLICATION
16 FOR CERTIFICATION, ALONG WITH THE APPLICATION FEE, AND THE MICHIGAN
17 ECONOMIC DEVELOPMENT CORPORATION HAS ISSUED A CERTIFICATE TO THE
18 QUALIFIED COMMUNITY DEVELOPMENT ENTITY FOR THAT QUALIFIED EQUITY
19 INVESTMENT. THE TAXPAYER SHALL ATTACH THE CERTIFICATE TO THE ANNUAL
20 RETURN FILED UNDER THIS ACT, THE INCOME TAX ACT OF 1967, 1967 PA
21 281, MCL 206.1 TO 206.532, OR SECTION 476A OF THE INSURANCE CODE OF
22 1956, 1956 PA 218, MCL 500.476A, ON WHICH A CREDIT UNDER THIS
23 SECTION IS CLAIMED.

24 (3) THE APPLICATION REQUIRED UNDER THIS SECTION SHALL BE
25 ACCOMPANIED BY A \$5,000.00 APPLICATION FEE AND SHALL STATE ALL OF
26 THE FOLLOWING:

27 (A) THE APPLICANT IS A QUALIFIED COMMUNITY DEVELOPMENT ENTITY.

1 (B) THE EQUITY INVESTMENT OR LONG-TERM DEBT SECURITY IS A
2 QUALIFIED EQUITY INVESTMENT.

3 (C) THE PROPOSED DOLLAR AMOUNT OF THE QUALIFIED EQUITY
4 INVESTMENT.

5 (4) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION SHALL
6 CERTIFY QUALIFIED EQUITY INVESTMENTS IN THE ORDER APPLICATIONS ARE
7 RECEIVED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION.
8 APPLICATIONS RECEIVED ON THE SAME DAY SHALL BE DEEMED TO HAVE BEEN
9 RECEIVED SIMULTANEOUSLY. FOR APPLICATIONS RECEIVED ON THE SAME DAY
10 AND DEEMED COMPLETE, THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
11 SHALL CERTIFY QUALIFIED EQUITY INVESTMENTS AND, IN THE EVENT THERE
12 IS INSUFFICIENT REMAINING TAX CREDIT CAPACITY, REDUCE THE AMOUNT OF
13 CERTIFIED QUALIFIED EQUITY INVESTMENT IN PROPORTIONATE PERCENTAGES
14 BASED UPON THE RATIO OF THE AMOUNT OF QUALIFIED EQUITY INVESTMENTS
15 REQUESTED IN AN APPLICATION TO THE TOTAL AMOUNT OF QUALIFIED EQUITY
16 INVESTMENTS REQUESTED IN ALL APPLICATIONS RECEIVED ON THE SAME DAY.

17 (5) WITHIN 30 DAYS AFTER RECEIVING NOTICE OF CERTIFICATION,
18 THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL ISSUE THE
19 QUALIFIED EQUITY INVESTMENT AND RECEIVE CASH IN THE AMOUNT OF THE
20 CERTIFIED AMOUNT. THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL
21 PROVIDE THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION WITH A
22 WRITTEN NOTICE IN A FORM OR MANNER AS PROVIDED BY THE MICHIGAN
23 ECONOMIC DEVELOPMENT CORPORATION AND EVIDENCE OF RECEIPT OF THE
24 CASH INVESTMENT WITHIN 10 BUSINESS DAYS AFTER RECEIPT. WITHIN 30
25 DAYS AFTER MAKING QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN
26 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES LOCATED IN THIS
27 STATE, THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL PROVIDE THE

1 MICHIGAN ECONOMIC DEVELOPMENT CORPORATION WITH A WRITTEN NOTICE, IN
2 A FORM OR MANNER AS PROVIDED BY THE MICHIGAN ECONOMIC DEVELOPMENT
3 CORPORATION, OF THOSE INVESTMENTS INCLUDING THE NAME AND ADDRESS OF
4 EACH QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS THAT RECEIVED
5 ALL OR A PORTION OF THOSE INVESTMENTS. IF THE QUALIFIED COMMUNITY
6 DEVELOPMENT ENTITY FAILS TO PROVIDE THE MICHIGAN ECONOMIC
7 DEVELOPMENT CORPORATION WITH THE WRITTEN NOTICES AND EVIDENCE AS
8 REQUIRED UNDER THIS SUBSECTION, THE CERTIFICATION SHALL LAPSE. IF
9 THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY DOES NOT RECEIVE THE
10 CASH INVESTMENT AND ISSUE THE QUALIFIED EQUITY INVESTMENT WITHIN 30
11 DAYS FOLLOWING RECEIPT OF THE CERTIFICATION NOTICE, THE
12 CERTIFICATION SHALL LAPSE. A CERTIFICATION THAT LAPSES REVERTS BACK
13 TO THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AND MAY BE
14 REISSUED IN ACCORDANCE WITH THE APPLICATION PROCESS OUTLINED IN
15 THIS SECTION.

16 (6) THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL NOT USE
17 ANY OF THE CASH PROCEEDS FROM THE ISSUANCE OF THE QUALIFIED EQUITY
18 INVESTMENT TO INVEST IN QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS
19 IN QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES OUTSIDE THIS
20 STATE.

21 (7) IF A TAXPAYER IS A PARTNERSHIP, LIMITED LIABILITY COMPANY,
22 OR SUBCHAPTER S CORPORATION, THE TAXPAYER MAY ALLOCATE ALL OR ANY
23 PORTION OF A CREDIT EARNED UNDER THIS SECTION TO ITS PARTNERS,
24 MEMBERS, OR SHAREHOLDERS FOR THEIR DIRECT USE IN ACCORDANCE WITH
25 THE PROVISIONS OF ANY AGREEMENT AMONG THE PARTNERS, MEMBERS, OR
26 SHAREHOLDERS OR BASED ON THE PARTNER'S, MEMBER'S, OR SHAREHOLDER'S
27 PROPORTIONATE SHARE OF OWNERSHIP OR ON AN ALTERNATIVE METHOD

1 APPROVED BY THE DEPARTMENT. A TAXPAYER MAY CLAIM A PORTION OF A
2 CREDIT AND ALLOCATE THE REMAINING CREDIT AMOUNT. A CREDIT AMOUNT
3 ALLOCATED UNDER THIS SUBSECTION MAY BE CLAIMED AGAINST THE
4 PARTNER'S, MEMBER'S, OR SHAREHOLDER'S TAX LIABILITY UNDER THIS ACT,
5 THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.1 TO 206.532, OR
6 SECTION 476A OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL
7 500.476A. A CREDIT ALLOCATION UNDER THIS SUBSECTION SHALL BE MADE
8 ON A FORM PRESCRIBED BY THE DEPARTMENT. THE TAXPAYER AND ALLOCATEES
9 SHALL SEND A COPY OF THE COMPLETED ALLOCATION FORM TO THE
10 DEPARTMENT IN THE TAX YEAR IN WHICH THE ALLOCATION IS MADE AND
11 ATTACH A COPY OF THE COMPLETED ALLOCATION FORM TO THE ANNUAL RETURN
12 REQUIRED TO BE FILED UNDER THIS ACT FOR THAT TAX YEAR.

13 (8) THE DEPARTMENT SHALL RECAPTURE IN A MANNER AS PROVIDED
14 UNDER 1941 PA 122, MCL 205.1 TO 205.31, FROM THE TAXPAYER THAT
15 CLAIMED THE CREDIT ON A RETURN THE TAX CREDIT ALLOWED UNDER THIS
16 SECTION UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

17 (A) IF ANY FEDERAL TAX CREDIT THAT MAY BE AVAILABLE WITH
18 RESPECT TO A QUALIFIED EQUITY INVESTMENT THAT IS ELIGIBLE FOR A TAX
19 CREDIT UNDER THIS SECTION IS RECAPTURED UNDER SECTION 45D OF THE
20 INTERNAL REVENUE CODE. IN THAT CASE, THE DEPARTMENT'S RECAPTURE
21 SHALL BE PROPORTIONATE TO THE FEDERAL RECAPTURE WITH RESPECT TO
22 THAT QUALIFIED EQUITY INVESTMENT.

23 (B) IF THE ISSUER REDEEMS OR MAKES PRINCIPAL REPAYMENT WITH
24 RESPECT TO A QUALIFIED EQUITY INVESTMENT PRIOR TO THE SEVENTH
25 ANNIVERSARY OF THE ISSUANCE OF THE QUALIFIED EQUITY INVESTMENT. IN
26 THAT CASE, THE DEPARTMENT'S RECAPTURE SHALL BE PROPORTIONATE TO THE
27 AMOUNT OF THE REDEMPTION OR REPAYMENT WITH RESPECT TO THE QUALIFIED

1 EQUITY INVESTMENT.

2 (C) IF THE ISSUER FAILS TO INVEST AT LEAST 85% OF THE CASH
3 PURCHASE PRICE OF THE QUALIFIED EQUITY INVESTMENT IN QUALIFIED LOW-
4 INCOME COMMUNITY INVESTMENTS IN THIS STATE WITHIN 12 MONTHS OF THE
5 ISSUANCE OF THE QUALIFIED EQUITY INVESTMENT AND MAINTAIN SUCH LEVEL
6 OF INVESTMENT IN QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN THIS
7 STATE UNTIL THE LAST CREDIT ALLOWANCE DATE FOR THAT QUALIFIED
8 EQUITY INVESTMENT.

9 (9) FOR PURPOSES OF THIS SECTION, A QUALIFIED LOW-INCOME
10 COMMUNITY INVESTMENT SHALL BE CONSIDERED HELD BY A QUALIFIED
11 COMMUNITY DEVELOPMENT ENTITY EVEN IF THE INVESTMENT HAS BEEN SOLD
12 OR REPAID, PROVIDED THAT THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY
13 REINVESTS AN AMOUNT EQUAL TO THE CAPITAL RETURNED TO OR RECOVERED
14 BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY FROM THE ORIGINAL
15 INVESTMENT, EXCLUSIVE OF ANY PROFITS REALIZED, IN ANOTHER QUALIFIED
16 LOW-INCOME COMMUNITY INVESTMENT IN THIS STATE WITHIN 12 MONTHS
17 AFTER THE RECEIPT OF THAT CAPITAL. A QUALIFIED COMMUNITY
18 DEVELOPMENT ENTITY IS NOT REQUIRED TO REINVEST CAPITAL RETURNED
19 FROM QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS AFTER THE SIXTH
20 ANNIVERSARY OF THE ISSUANCE OF THE QUALIFIED EQUITY INVESTMENT, THE
21 PROCEEDS OF WHICH WERE USED TO MAKE THE QUALIFIED LOW-INCOME
22 COMMUNITY INVESTMENT, AND THE QUALIFIED LOW-INCOME COMMUNITY
23 INVESTMENT SHALL BE CONSIDERED HELD BY THE QUALIFIED COMMUNITY
24 DEVELOPMENT ENTITY THROUGH THE SEVENTH ANNIVERSARY OF THE QUALIFIED
25 EQUITY INVESTMENT'S ISSUANCE. IN ADDITION TO THE NOTIFICATION
26 REQUIRED UNDER 1941 PA 122, MCL 205.1 TO 205.31, THE DEPARTMENT
27 SHALL PROVIDE NOTICE TO THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY

1 OF ANY PROPOSED RECAPTURE OF TAX CREDITS PURSUANT TO THIS SECTION
2 FOR WHICH THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY ISSUED A
3 QUALIFIED EQUITY INVESTMENT.

4 (10) THE TOTAL AMOUNT OF ALL QUALIFIED EQUITY INVESTMENTS THAT
5 MAY BE CERTIFIED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
6 UNDER THIS SECTION, SECTION 279 OF THE INCOME TAX ACT OF 1967, 1967
7 PA 281, MCL 206.279, AND SECTION 476A OF THE INSURANCE CODE OF
8 1956, 1956 PA 218, MCL 500.476A, SHALL NOT RESULT IN MORE THAN
9 \$20,000,000.00 IN TAX CREDITS AVAILABLE IN ANY 1 TAX YEAR NOT
10 INCLUDING ANY CARRIED-FORWARD AMOUNTS FROM CREDITS APPROVED IN A
11 PREVIOUS TAX YEAR. THE TOTAL AMOUNT OF ALL CREDITS CERTIFIED FOR A
12 QUALIFIED EQUITY INVESTMENT UNDER THIS SECTION, SECTION 279 OF THE
13 INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.279, AND SECTION 476A
14 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.476A, SHALL NOT
15 EXCEED THE AMOUNT OF THE CREDIT ALLOWED UNDER SECTION 45D OF THE
16 INTERNAL REVENUE CODE FOR THAT SAME QUALIFIED EQUITY INVESTMENT. A
17 QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL NOT ISSUE A QUALIFIED
18 EQUITY INVESTMENT BEFORE JULY 1, 2009 OR AFTER DECEMBER 31, 2011. A
19 QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT ISSUES A LONG-TERM DEBT
20 SECURITY SHALL NOT MAKE CASH INTEREST PAYMENTS ON THAT LONG-TERM
21 DEBT SECURITY DURING THE PERIOD COMMENCING WITH ITS ISSUANCE AND
22 ENDING ON ITS FINAL CREDIT ALLOWANCE DATE THAT ARE IN EXCESS OF THE
23 SUM OF THOSE CASH INTEREST PAYMENTS AND THE CUMULATIVE OPERATING
24 INCOME OF THAT QUALIFIED COMMUNITY DEVELOPMENT ENTITY FOR THE SAME
25 PERIOD. FOR PURPOSES OF THIS SUBSECTION, "CASH INTEREST PAYMENTS"
26 AND "CUMULATIVE OPERATING INCOME" SHALL BE DETERMINED IN ACCORDANCE
27 WITH SECTION 45D OF THE INTERNAL REVENUE CODE AND ANY FEDERAL

1 REGULATIONS RELATING TO THAT SECTION.

2 (11) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION SHALL
3 REPORT TO BOTH HOUSES OF THE LEGISLATURE BEFORE JULY 1, 2013 AND
4 BIANNUALLY THEREAFTER ON THE ACTIVITIES OF THE MICHIGAN ECONOMIC
5 DEVELOPMENT CORPORATION REGARDING THE NEW MARKETS TAX CREDITS
6 ALLOWED UNDER THIS SECTION, SECTION 279 OF THE INCOME TAX ACT OF
7 1967, 1967 PA 281, MCL 206.279, AND SECTION 476A OF THE INSURANCE
8 CODE OF 1956, 1956 PA 218, MCL 500.476A. THE REPORT SHALL INCLUDE,
9 BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

10 (A) THE TOTAL COMBINED AMOUNT OF QUALIFIED EQUITY INVESTMENTS
11 ATTRACTED UNDER THIS SECTION, SECTION 279 OF THE INCOME TAX ACT OF
12 1967, 1967 PA 281, MCL 206.279, AND SECTION 476A OF THE INSURANCE
13 CODE OF 1956, 1956 PA 218, MCL 500.476A.

14 (B) THE TOTAL NUMBER OF TAXPAYERS THAT CLAIMED A CREDIT UNDER
15 THIS SECTION, SECTION 279 OF THE INCOME TAX ACT OF 1967, 1967 PA
16 281, MCL 206.279, AND SECTION 476A OF THE INSURANCE CODE OF 1956,
17 1956 PA 218, MCL 500.476A.

18 (C) THE TOTAL AMOUNT OF CREDITS AWARDED UNDER THIS SECTION,
19 SECTION 279 OF THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL
20 206.279, AND SECTION 476A OF THE INSURANCE CODE OF 1956, 1956 PA
21 218, MCL 500.476A.

22 (D) NAME AND LOCATION OF ALL TAXPAYERS AND QUALIFIED COMMUNITY
23 DEVELOPMENT ENTITIES SEEKING AUTHORIZATION FOR CREDITS UNDER THIS
24 SECTION 465, SECTION 279 OF THE INCOME TAX ACT OF 1967, 1967 PA
25 281, MCL 206.279, AND SECTION 476A OF THE INSURANCE CODE OF 1956,
26 1956 PA 218, MCL 500.476A.

27 (E) THE AMOUNT OF THE TAX CREDIT ALLOWED FOR EACH TAXPAYER.

1 (12) THE DEPARTMENT, IN COOPERATION WITH THE MICHIGAN ECONOMIC
2 DEVELOPMENT CORPORATION, MAY PROMULGATE RULES TO IMPLEMENT THIS
3 SECTION.

4 (13) FOR PURPOSES OF THIS SECTION, TAXPAYER INCLUDES A PERSON
5 SUBJECT TO THE TAX IMPOSED UNDER CHAPTER 2A.

6 (14) AS USED IN THIS SECTION:

7 (A) "APPLICABLE PERCENTAGE" MEANS 5% FOR EACH OF THE FIRST 3
8 CREDIT ALLOWANCE DATES, 6% FOR THE FOURTH OR FIFTH CREDIT ALLOWANCE
9 DATES, AND 12% FOR THE LAST ALLOWANCE DATE.

10 (B) "CREDIT ALLOWANCE DATE" MEANS JANUARY 1, 2011 OR EXACTLY 1
11 YEAR AFTER THE DATE ON WHICH THE QUALIFIED EQUITY INVESTMENT IS
12 INITIALLY MADE, WHICHEVER IS LATER, AND EACH OF THE 6 ANNIVERSARY
13 DATES OF THAT DATE THEREAFTER.

14 (C) "LONG-TERM DEBT SECURITY" MEANS ANY DEBT INSTRUMENT ISSUED
15 BY A QUALIFIED COMMUNITY DEVELOPMENT ENTITY, AT PAR VALUE OR A
16 PREMIUM, WITH AN ORIGINAL MATURITY DATE OF AT LEAST 7 YEARS FROM
17 THE DATE OF ITS ISSUANCE, WITH NO ACCELERATION OF REPAYMENT,
18 AMORTIZATION, OR PREPAYMENT FEATURES PRIOR TO ITS ORIGINAL MATURITY
19 DATE. THIS DEFINITION IN NO WAY LIMITS THE HOLDER'S ABILITY TO
20 ACCELERATE PAYMENTS ON THE DEBT INSTRUMENT IN SITUATIONS WHERE THE
21 QUALIFIED COMMUNITY DEVELOPMENT ENTITY HAS DEFAULTED ON COVENANTS
22 DESIGNED TO ENSURE COMPLIANCE WITH THIS ACT OR SECTION 45D OF THE
23 INTERNAL REVENUE CODE.

24 (D) "MICHIGAN ECONOMIC DEVELOPMENT CORPORATION" MEANS THE
25 PUBLIC BODY CORPORATE CREATED UNDER SECTION 28 OF ARTICLE VII OF
26 THE STATE CONSTITUTION OF 1963 AND THE URBAN COOPERATION ACT OF
27 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512, BY A CONTRACTUAL

1 INTERLOCAL AGREEMENT EFFECTIVE APRIL 5, 1999, AS AMENDED, BETWEEN
2 LOCAL PARTICIPATING ECONOMIC DEVELOPMENT CORPORATIONS FORMED UNDER
3 THE ECONOMIC DEVELOPMENT CORPORATIONS ACT, 1974 PA 338, MCL
4 125.1601 TO 125.1636, AND THE MICHIGAN STRATEGIC FUND.

5 (E) "PURCHASE PRICE" MEANS THE AMOUNT PAID TO THE QUALIFIED
6 COMMUNITY DEVELOPMENT ENTITY FOR THE QUALIFIED EQUITY INVESTMENT.

7 (F) "QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS" HAS THE
8 MEANING GIVEN TO THAT TERM IN SECTION 45D OF THE INTERNAL REVENUE
9 CODE, EXCEPT THAT ANY BUSINESS THAT DERIVES OR PROJECTS TO DERIVE
10 15% OR MORE OF ITS ANNUAL REVENUE FROM THE RENTAL OR SALE OF REAL
11 ESTATE IS NOT CONSIDERED TO BE A QUALIFIED ACTIVE LOW-INCOME
12 COMMUNITY BUSINESS UNLESS THE BUSINESS IS CONTROLLED BY, OR UNDER
13 COMMON CONTROL WITH, ANOTHER BUSINESS THAT DOES NOT DERIVE OR
14 PROJECT TO DERIVE 20% OR MORE OF ITS ANNUAL REVENUE FROM THE RENTAL
15 OR SALE OF REAL ESTATE AND IS THE PRIMARY TENANT OF THE REAL ESTATE
16 LEASED FROM THE INITIAL BUSINESS. A BUSINESS SHALL BE CONSIDERED A
17 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS FOR THE DURATION OF
18 THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY'S INVESTMENT IN, OR LOAN
19 TO, THE BUSINESS IF THE ENTITY REASONABLY EXPECTS, AT THE TIME IT
20 MAKES THE INVESTMENT OR LOAN, THAT THE BUSINESS WILL CONTINUE TO
21 SATISFY THE REQUIREMENTS FOR BEING A QUALIFIED ACTIVE LOW-INCOME
22 COMMUNITY BUSINESS THROUGHOUT THE ENTIRE PERIOD OF THE INVESTMENT
23 OR LOAN.

24 (G) "QUALIFIED COMMUNITY DEVELOPMENT ENTITY" HAS THE MEANING
25 GIVEN TO THAT TERM IN SECTION 45D OF THE INTERNAL REVENUE CODE,
26 PROVIDED THAT SUCH ENTITY HAS ENTERED INTO, OR IS CONTROLLED BY A
27 QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT HAS ENTERED INTO, AN

1 ALLOCATION AGREEMENT WITH THE COMMUNITY DEVELOPMENT FINANCIAL
2 INSTITUTIONS FUND OF THE UNITED STATES TREASURY DEPARTMENT WITH
3 RESPECT TO CREDITS AUTHORIZED BY SECTION 45D OF THE INTERNAL
4 REVENUE CODE. THE ALLOCATION AGREEMENT SHALL INCLUDE THE STATE OF
5 MICHIGAN WITHIN THE SERVICE AREA SET FORTH IN THAT ALLOCATION
6 AGREEMENT.

7 (H) "QUALIFIED EQUITY INVESTMENT" MEANS ANY EQUITY INVESTMENT
8 IN, OR LONG-TERM DEBT SECURITY ISSUED BY, A QUALIFIED COMMUNITY
9 DEVELOPMENT ENTITY THAT IS ACQUIRED AFTER JULY 1, 2009 AT ITS
10 ORIGINAL ISSUANCE SOLELY IN EXCHANGE FOR CASH, HAS AT LEAST 85% OF
11 ITS CASH PURCHASE PRICE USED BY THE QUALIFIED COMMUNITY DEVELOPMENT
12 ENTITY TO MAKE QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN
13 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES LOCATED IN THIS
14 STATE, AND IS DESIGNATED BY THE QUALIFIED COMMUNITY DEVELOPMENT
15 ENTITY AS A QUALIFIED EQUITY INVESTMENT UNDER THIS SECTION AND IS
16 CERTIFIED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AS NOT
17 EXCEEDING THE LIMITATION CONTAINED IN SUBSECTION (10). QUALIFIED
18 EQUITY INVESTMENT INCLUDES ANY QUALIFIED EQUITY INVESTMENT THAT IS
19 NOT ACQUIRED AFTER JULY 1, 2009 AT ITS ORIGINAL ISSUANCE SOLELY IN
20 EXCHANGE FOR CASH IF THE INVESTMENT WAS A QUALIFIED EQUITY
21 INVESTMENT IN THE HANDS OF A PRIOR HOLDER.

22 (I) "QUALIFIED LOW-INCOME COMMUNITY INVESTMENT" MEANS, EXCEPT
23 AS OTHERWISE PROVIDED UNDER THIS SUBDIVISION, ANY CAPITAL OR EQUITY
24 INVESTMENT IN, OR LOAN TO, ANY QUALIFIED ACTIVE LOW-INCOME
25 COMMUNITY BUSINESS MADE AFTER JULY 1, 2009. WITH RESPECT TO ANY 1
26 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS, THE MAXIMUM AMOUNT
27 OF QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS MADE IN THAT

1 BUSINESS, ON A COLLECTIVE BASIS WITH ALL OF ITS AFFILIATES, WITH
2 PROCEEDS OF QUALIFIED EQUITY INVESTMENTS CERTIFIED AS ELIGIBLE FOR
3 TAX CREDITS UNDER THIS SECTION, WHETHER ISSUED TO 1 OR MORE
4 QUALIFIED COMMUNITY DEVELOPMENT ENTITIES, IS \$10,000,000.00.