

# HOUSE BILL No. 5641

December 2, 2009, Introduced by Rep. Green 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 section 465.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 465. (1) SUBJECT TO THE LIMITATIONS PROVIDED UNDER THIS  
2        SECTION, FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2009 AND END  
3        BEFORE JANUARY 1, 2013, A QUALIFIED TAXPAYER THAT ENTERS INTO AN  
4        AGREEMENT WITH THE MICHIGAN ECONOMIC GROWTH AUTHORITY THAT PROVIDES  
5        THAT THE TAXPAYER WILL OBTAIN FINANCING TO MAKE QUALIFIED CAPITAL  
6        INVESTMENTS IN THIS STATE MAY CLAIM A CREDIT AGAINST THE TAX  
7        IMPOSED BY THIS ACT EQUAL TO 50% OF THE INTEREST EXPENSES INCURRED  
8        BY THE TAXPAYER DURING THE TAX YEAR ON THAT LOAN AND FOR EACH TAX  
9        YEAR THEREAFTER FOR THE LIFE OF THAT LOAN.

10        (2) THE AGREEMENT REQUIRED UNDER SUBSECTION (1) SHALL SPECIFY

1 ALL OF THE FOLLOWING:

2 (A) THE AMOUNT OF THE CAPITAL INVESTMENT THAT WILL BE MADE IN  
3 THIS STATE AND FOR WHAT PURPOSE THE CAPITAL INVESTMENT WILL BE  
4 USED.

5 (B) THE NAME OF THE FINANCIAL INSTITUTION WITH WHICH THE  
6 TAXPAYER HAS ENTERED INTO A LOAN AGREEMENT TO OBTAIN FINANCING TO  
7 MAKE THE CAPITAL INVESTMENT DESCRIBED UNDER SUBDIVISION (A).

8 (C) THE TOTAL CREDIT THAT MAY BE CLAIMED UNDER THIS SECTION.

9 (3) A TAXPAYER THAT CLAIMS THE CREDIT UNDER THIS SECTION SHALL  
10 GET A STATEMENT PREPARED BY A CERTIFIED PUBLIC ACCOUNTANT VERIFYING  
11 THAT THE ACTUAL AMOUNT OF THE LOAN AND THE INTEREST RATE ON THAT  
12 LOAN ARE THE SAME AS THAT AMOUNT USED TO CALCULATE THE CREDIT UNDER  
13 THIS SECTION. THE TAXPAYER SHALL GET THE STATEMENT AND ATTACH THAT  
14 STATEMENT TO THE ANNUAL RETURN UNDER THIS ACT ON WHICH THE CREDIT  
15 UNDER THIS SECTION IS CLAIMED.

16 (4) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION  
17 UNLESS THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS ISSUED A  
18 CERTIFICATE TO THE TAXPAYER. THE TAXPAYER SHALL ATTACH THE  
19 CERTIFICATE TO THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH A  
20 CREDIT UNDER THIS SECTION IS CLAIMED. THE CERTIFICATE REQUIRED  
21 UNDER THIS SECTION SHALL STATE ALL OF THE FOLLOWING:

22 (A) THE TAXPAYER IS A QUALIFIED TAXPAYER.

23 (B) THE CAPITAL INVESTMENT IS A QUALIFIED CAPITAL INVESTMENT.

24 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR  
25 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE  
26 TAXPAYER.

27 (D) THE TOTAL AMOUNT OF CAPITAL INVESTMENTS MADE DURING THE

1 TAX YEAR AND THE AMOUNT OF THE CREDIT UNDER THIS SECTION FOR WHICH  
2 THE TAXPAYER IS ALLOWED TO CLAIM FOR THE DESIGNATED TAX YEAR.

3 (5) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR  
4 AND ANY UNUSED CARRYFORWARD ALLOWED BY THIS SECTION EXCEED THE  
5 TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION THAT  
6 EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE REFUNDED  
7 BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN SUBSEQUENT  
8 TAX YEARS FOR 10 YEARS OR UNTIL USED UP, WHICHEVER OCCURS FIRST.

9 (6) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION SHALL  
10 NOT CLAIM A CREDIT UNDER ANY OTHER SECTION OF THIS ACT BASED ON THE  
11 SAME CAPITAL INVESTMENT.

12 (7) AS USED IN THIS SECTION:

13 (A) "CAPITAL INVESTMENT" MEANS THE COST, INCLUDING FABRICATION  
14 AND INSTALLATION, PAID OR ACCRUED IN THE TAX YEAR FOR PROPERTY OF A  
15 TYPE THAT IS, OR UNDER THE INTERNAL REVENUE CODE WILL BECOME,  
16 ELIGIBLE FOR DEPRECIATION, AMORTIZATION, OR ACCELERATED CAPITAL  
17 COST RECOVERY FOR FEDERAL INCOME TAX PURPOSES, PROVIDED THAT THE  
18 PROPERTY IS PHYSICALLY LOCATED IN THIS STATE FOR USE IN A BUSINESS  
19 ACTIVITY IN THIS STATE.

20 (B) "MICHIGAN ECONOMIC GROWTH AUTHORITY" MEANS THE MICHIGAN  
21 ECONOMIC GROWTH AUTHORITY CREATED IN THE MICHIGAN ECONOMIC GROWTH  
22 AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

23 (C) "PROPERTY" MEANS SECTION 1245 PROPERTY AND SECTION 1250  
24 PROPERTY AS THOSE TERMS ARE DEFINED IN SECTIONS 1245 AND 1250 OF  
25 THE INTERNAL REVENUE CODE.

26 (D) "QUALIFIED CAPITAL INVESTMENT" MEANS A CAPITAL INVESTMENT  
27 MADE IN THIS STATE THAT WILL STIMULATE THE ECONOMY BY CREATING JOBS

1 AND INCREASING SPENDING IN THIS STATE AS DETERMINED BY THE MICHIGAN  
2 ECONOMIC GROWTH AUTHORITY.

3 (E) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT HAS ENTERED  
4 INTO AN AGREEMENT TO MAKE A QUALIFIED CAPITAL INVESTMENT IN THIS  
5 STATE PRIOR TO THE ISSUANCE OF A CERTIFICATE UNDER THIS SECTION.