

HOUSE BILL No. 6114

May 4, 2010, Introduced by Reps. Agema, Amash, McMillin, Genetski, DeShazor, Paul Scott, Green, Meekhof, Meltzer, Walsh, Daley, Crawford, Lund, Rogers, Kowall and Booher and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled "Michigan business tax act," by amending section 433 (MCL 208.1433), as amended by 2007 PA 215.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 433. (1) ~~A~~FOR THE 2008, 2009, AND 2010 TAX YEARS, A
2 taxpayer that is a business located and conducting business
3 activity within a renaissance zone may claim a credit against the
4 tax imposed by this act for the tax year to the extent and for the
5 duration provided pursuant to the Michigan renaissance zone act,
6 1996 PA 376, MCL 125.2681 to 125.2696, equal to the lesser of the
7 following:

8 (a) The tax liability attributable to business activity
9 conducted within a renaissance zone in the tax year.

1 (b) Ten percent of adjusted services performed in a designated
2 renaissance zone.

3 (c) For a taxpayer located and conducting business activity in
4 a renaissance zone before December 31, 2002, the product of the
5 following:

6 (i) The credit claimed under section 39b of former 1975 PA 228
7 for the tax year ending in 2007.

8 (ii) The ratio of the taxpayer's payroll in this state in the
9 tax year divided by the taxpayer's payroll in this state in its tax
10 year ending in 2007 under former 1975 PA 228.

11 (iii) The ratio of the taxpayer's renaissance zone business
12 activity factor for the tax year divided by the taxpayer's
13 renaissance zone business activity factor for its tax year ending
14 in 2007 under section 39b of former 1975 PA 228.

15 (2) Any portion of the taxpayer's tax liability that is
16 attributable to illegal activity conducted in the renaissance zone
17 shall not be used to calculate a credit under this section.

18 (3) The credit allowed under this section continues through
19 the tax year in which the renaissance zone designation expires.

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 not be
23 refunded.

24 (5) A taxpayer that claims a credit under this section shall
25 not employ, pay a speaker fee to, or provide any remuneration,
26 compensation, or consideration to any person employed by the state,
27 the state administrative board created in 1921 PA 2, MCL 17.1 to

1 17.3, or the renaissance zone review board created in 1996 PA 376,
2 MCL 125.2681 to 125.2696, whose employment relates or related in
3 any way to the authorization or enforcement of the credit allowed
4 under this section for any year in which the taxpayer claims a
5 credit under this section and for the 3 years after the last year
6 that a credit is claimed.

7 (6) To be eligible for the credit allowed under this section,
8 an otherwise qualified taxpayer shall file an annual return under
9 this act in a format determined by the department.

10 (7) Any portion of the taxpayer's tax liability that is
11 attributable to business activity related to the operation of a
12 casino, and business activity that is associated or affiliated with
13 the operation of a casino, including, but not limited to, the
14 operation of a parking lot, hotel, motel, or retail store, shall
15 not be used to calculate a credit under this section.

16 (8) For purposes of this section, taxpayer includes a person
17 subject to the tax imposed under ~~chapters~~ **CHAPTER 2A** and **A PERSON**
18 **SUBJECT TO THE TAX IMPOSED UNDER CHAPTER 2B.**

19 (9) As used in this section:

20 (a) "Adjusted services performed in a designated renaissance
21 zone" means either of the following:

22 (i) Except as provided in subparagraph (ii), the sum of the
23 taxpayer's payroll for services performed in a designated
24 renaissance zone plus an amount equal to the amount deducted in
25 arriving at federal taxable income for the tax year for
26 depreciation, amortization, or immediate or accelerated write-off
27 for tangible property exempt under section 7ff of the general

1 property tax act, 1893 PA 206, MCL 211.7ff, in the tax year or, for
2 new property, in the immediately following tax year.

3 (ii) For a partnership, limited liability company, **SUBCHAPTER S**
4 corporation, or individual, the amount determined under
5 subparagraph (i) plus the product of the following as related to the
6 taxpayer if greater than zero:

7 (A) Business income.

8 (B) The ratio of the taxpayer's total sales in this state
9 during the tax year divided by the taxpayer's total sales
10 everywhere during the tax year.

11 (C) The renaissance zone business activity factor.

12 (b) "Casino" means a casino regulated by this state pursuant
13 to the Michigan gaming control and revenue act, 1996 IL 1, MCL
14 432.201 to 432.226.

15 (c) "New property" means property that has not been subject
16 to, or exempt from, the collection of taxes under the general
17 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~**211.155**, and
18 has not been subject to, or exempt from, ad valorem property taxes
19 levied in another state, except that receiving an exemption as
20 inventory property does not disqualify property.

21 (d) "Payroll" means total salaries and wages before deducting
22 any personal or dependency exemptions.

23 (e) "Renaissance zone" means that term as defined in the
24 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
25 125.2696.

26 (f) "Renaissance zone business activity factor" means a
27 fraction, the numerator of which is the ratio of the average value

1 of the taxpayer's property located in a designated renaissance zone
2 to the average value of the taxpayer's property in this state plus
3 the ratio of the taxpayer's payroll for services performed in a
4 designated renaissance zone to all of the taxpayer's payroll in
5 this state and the denominator of which is 2.

6 (g) "Tax liability attributable to business activity conducted
7 within a renaissance zone" means the taxpayer's tax liability
8 multiplied by the renaissance zone business activity factor.

9 Enacting section 1. This amendatory act does not take effect
10 unless all of the following bills of the 95th Legislature are
11 enacted into law:

12 (a) House Bill No. 5249.

13 (b) Senate Bill No. ____ or House Bill No. 6104 (request no.
14 04275'09).

15 (c) Senate Bill No. ____ or House Bill No. 6103 (request no.
16 05669'09).

17 (d) Senate Bill No. ____ or House Bill No. 6105 (request no.
18 05670'09).

19 (e) Senate Bill No. ____ or House Bill No. 6106 (request no.
20 05671'09).

21 (f) Senate Bill No. ____ or House Bill No. 6107 (request no.
22 05672'09).

23 (g) Senate Bill No. ____ or House Bill No. 6112 (request no.
24 05673'09).

25 (h) Senate Bill No. ____ or House Bill No. 6113 (request no.
26 05675'09*).

27 (i) Senate Bill No. ____ or House Bill No. 6109 (request no.

1 05676'09).

2 (j) Senate Bill No.____ or House Bill No. 6110(request no.
3 05677'09).

4 (k) Senate Bill No.____ or House Bill No. 6116(request no.
5 05678'09).

6 (l) Senate Bill No.____ or House Bill No. 6117(request no.
7 05680'09).

8 (m) Senate Bill No.____ or House Bill No. 6108(request no.
9 05681'09).

10 (n) Senate Bill No.____ or House Bill No. 6119(request no.
11 05930'10).

12 (o) Senate Bill No.____ or House Bill No. 6111(request no.
13 05931'10).

14 (p) Senate Bill No.____ or House Bill No. 6115(request no.
15 05932'10).

16 (q) Senate Bill No.____ or House Bill No. 6118(request no.
17 05933'10).