

SENATE BILL No. 774

August 26, 2009, Introduced by Senator CASSIS and referred to the Committee on Finance.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 431 (MCL 208.1431), as amended by 2008 PA 111.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 431. (1) Except as otherwise provided under this
2 subsection, for a period of time not to exceed 20 years as
3 determined by the Michigan economic growth authority, a taxpayer
4 that is an authorized business may claim a credit against the tax
5 imposed by this act equal to the amount certified each year by the
6 Michigan economic growth authority as follows:

7 (a) Except as otherwise provided under this subdivision, for
8 an authorized business for the tax year, an amount not to exceed
9 the payroll of the authorized business attributable to employees

1 who perform qualified new jobs as determined under the Michigan
2 economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810,
3 multiplied by the tax rate; beginning after ~~the effective date of~~
4 ~~the amendatory act that added subdivision (d)~~ **APRIL 28, 2008**, for
5 an authorized business for the tax year, an amount not to exceed
6 the sum of the payroll and health care benefits of the authorized
7 business attributable to employees who perform qualified new jobs
8 as determined under the Michigan economic growth authority act,
9 1995 PA 24, MCL 207.801 to 207.810, multiplied by the tax rate.

10 (b) For an eligible business as determined under section
11 8(5)(a) of the Michigan economic growth authority act, 1995 PA 24,
12 MCL 207.808, an amount not to exceed 50% of the payroll of the
13 authorized business attributable to employees who perform retained
14 jobs as determined under the Michigan economic growth authority
15 act, 1995 PA 24, MCL 207.801 to 207.810, multiplied by the tax rate
16 for the tax year.

17 (c) For an eligible business as determined under section
18 8(5)(b) of the Michigan economic growth authority act, 1995 PA 24,
19 MCL 207.808, an amount not to exceed the payroll of the authorized
20 business attributable to employees who perform retained jobs as
21 determined under the Michigan economic growth authority act, 1995
22 PA 24, MCL 207.801 to 207.810, multiplied by the tax rate for the
23 tax year.

24 (d) For an authorized business that is a qualified high-
25 technology business, for a period of time not to exceed 7 years as
26 determined by the Michigan economic growth authority, an amount not
27 to exceed 200% of the sum of the payroll and health care benefits

1 of the qualified high-technology business attributable to employees
2 who perform qualified new jobs as determined under the Michigan
3 economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810,
4 for the first 3 tax years of the credit, multiplied by the tax rate
5 and, for each of the remaining tax years of the credit, an amount
6 not to exceed 100% of the sum of the payroll and health care
7 benefits of the qualified high-technology business attributable to
8 employees who perform qualified new jobs as determined under the
9 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
10 207.810, multiplied by the tax rate.

11 (e) For an authorized business as determined under section
12 8(9) of the Michigan economic growth authority act, 1995 PA 24, MCL
13 207.808, an amount up to, but not to exceed 100% of, the sum of the
14 payroll and health care benefits of the authorized business
15 attributable to employees who perform retained jobs multiplied by a
16 fraction, the numerator of which is the amount of new capital
17 investment made at the facility and the denominator of which is the
18 product of the number of retained jobs multiplied by \$100,000.00,
19 and then multiplied by the tax rate for the tax year.

20 (f) For an authorized business as determined under section
21 8(11) of the Michigan economic growth authority act, 1995 PA 24,
22 MCL 207.808, an amount not to exceed 100% of the sum of the payroll
23 and health care benefits of the authorized business attributable to
24 employees who perform new full-time jobs and retained jobs as
25 determined under the Michigan economic growth authority act, 1995
26 PA 24, MCL 207.801 to 207.810, multiplied by the tax rate for the
27 tax year.

1 (2) A taxpayer shall not claim a credit under this section
2 unless the Michigan economic growth authority has issued a
3 certificate to the taxpayer. The taxpayer shall attach the
4 certificate to the annual return filed under this act on which a
5 credit under this section is claimed.

6 (3) The certificate required by subsection (2) shall state all
7 of the following:

8 (a) The taxpayer is an authorized business.

9 (b) The amount of the credit under this section for the
10 authorized business for the designated tax year.

11 (c) The taxpayer's federal employer identification number or
12 the Michigan department of treasury number assigned to the
13 taxpayer.

14 (4) The Michigan economic growth authority may certify a
15 credit under this section based on an agreement entered into prior
16 to January 1, 2008 pursuant to section 37c of former 1975 PA 228.
17 The number of years for which the credit may be claimed under this
18 section shall equal the maximum number of years designated in the
19 resolution reduced by the number of years for which a credit has
20 been claimed or could have been claimed under section 37c of former
21 1975 PA 228.

22 (5) If the credit allowed under this section exceeds the tax
23 liability of the taxpayer for the tax year, that portion of the
24 credit that exceeds the tax liability of the taxpayer shall be
25 refunded.

26 (6) Except as otherwise provided under this subsection, a
27 taxpayer that claims a credit under subsection (1) or section 37c

1 or 37d of former 1975 PA 228, that has an agreement with the
2 Michigan economic growth authority based on qualified new jobs as
3 defined in section ~~3 (p) (ii)~~ **3 (Q) (ii)** of the Michigan economic growth
4 authority act, 1995 PA 24, MCL 207.803, and that removes from this
5 state 51% or more of those qualified new jobs within 3 years after
6 the first year in which the taxpayer claims a credit described in
7 this subsection shall pay to the department no later than 12 months
8 after those qualified new jobs are removed from the state an amount
9 equal to the total of all credits described in this subsection that
10 were claimed by the taxpayer. Beginning after ~~the effective date of~~
11 ~~the amendatory act that added subsection (1) (d)~~ **APRIL 28, 2008**, a
12 taxpayer that claims a credit under subsection (1) and subsequently
13 fails to meet the requirements of this section or any other
14 conditions included in an agreement entered into with the Michigan
15 economic growth authority in order to obtain a certificate for the
16 credit claimed under this section or removes any of the qualified
17 new jobs from this state during the term of the written agreement
18 and for a period of years after the term of the written agreement,
19 as determined by the Michigan economic growth authority, may have
20 its credit reduced or terminated or have a percentage of the credit
21 amount previously claimed under this section added back to the tax
22 liability of the taxpayer in the tax year that the taxpayer fails
23 to comply with this section or the agreement.

24 (7) If the Michigan economic growth authority or a designee of
25 the Michigan economic growth authority requests that a taxpayer
26 that claims the credit under this section get a statement prepared
27 by a certified public accountant verifying that the actual number

1 of new jobs created is the same number of new jobs used to
 2 calculate the credit under this section, the taxpayer shall get the
 3 statement and attach that statement to its annual return under this
 4 act on which the credit under this section is claimed.

5 (8) A credit shall not be claimed by a taxpayer under this
 6 section if the taxpayer's initial certification as required in
 7 subsection (3) is issued after December 31, 2013.

8 (9) **FOR THE 2010 CALENDAR YEAR AND EACH CALENDAR YEAR AFTER**
 9 **2010, THE TOTAL AMOUNT OF ALL CREDITS CLAIMED UNDER THIS SECTION**
 10 **FOR THE CALENDAR YEAR SHALL NOT EXCEED THE SUM OF THE TOTAL AMOUNT**
 11 **OF CREDITS CLAIMED UNDER THIS SECTION DURING THE IMMEDIATELY**
 12 **PRECEDING CALENDAR YEAR PLUS \$30,000,000.00.**

13 (10) ~~(9)~~ For purposes of this section, taxpayer includes a
 14 person subject to the tax imposed under ~~chapters~~ **CHAPTER 2A and A**
 15 **PERSON SUBJECT TO THE TAX IMPOSED UNDER CHAPTER 2B.**

16 (11) ~~(10)~~ As used in this section:

17 (a) "Authorized business", "facility", "full-time job",
 18 "qualified high-technology business", "retained jobs", and "written
 19 agreement" mean those terms as defined in the Michigan economic
 20 growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

21 (b) "Health care benefits" means all costs paid for a self-
 22 funded health care benefit plan or for an expense-incurred
 23 hospital, medical, or surgical policy or certificate, nonprofit
 24 health care corporation certificate, or health maintenance
 25 organization contract. Health care benefit does not include
 26 accident-only, credit, dental, or disability income insurance;
 27 long-term care insurance; coverage issued as a supplement to

1 liability insurance; coverage only for a specified disease or
2 illness; worker's compensation or similar insurance; or automobile
3 medical payment insurance.

4 (c) "Michigan economic growth authority" means the Michigan
5 economic growth authority created in the Michigan economic growth
6 authority act, 1995 PA 24, MCL 207.801 to 207.810.

7 (d) "Payroll" means the total salaries and wages before
8 deducting any personal or dependency exemptions.

9 (e) "Qualified new jobs" means 1 or more of the following:

10 (i) The average number of full-time jobs at a facility of an
11 authorized business for a tax year in excess of the average number
12 of full-time jobs the authorized business maintained in this state
13 prior to the expansion or location as that is determined under the
14 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
15 207.810.

16 (ii) The average number of full-time jobs at a facility created
17 by an eligible business up to 90 days before becoming an authorized
18 business that is in excess of the average number of full-time jobs
19 that the business maintained in this state up to 90 days before
20 becoming an authorized business, as determined under the Michigan
21 economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

22 (f) "Tax rate" means the rate imposed under section 51 of the
23 income tax act of 1967, 1967 PA 281, MCL 206.51, for the tax year
24 in which the tax year of the taxpayer for which the credit is being
25 computed begins.

26 Enacting section 1. This amendatory act does not take effect
27 unless all of the following bills of the 95th Legislature are

1 enacted into law:

2 (a) Senate Bill No. 70.

3 (b) Senate Bill No. 71.

4 (c) Senate Bill No. 773.

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