

# HOUSE BILL No. 5435

March 27, 2014, Introduced by Reps. Knezek, Irwin, Schor and Switalski and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.713) by adding sections 277 and 675.

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

1           SEC. 277. (1) SUBJECT TO THE LIMITATIONS PROVIDED UNDER  
2           SUBSECTION (9), FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2013, A  
3           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 OR SECTION 476A OF THE INSURANCE CODE OF 1956,  
7           1956 PA 218, MCL 500.476A, EQUAL TO THE APPLICABLE PERCENTAGE OF  
8           THE PURCHASE PRICE PAID TO THE QUALIFIED COMMUNITY DEVELOPMENT  
9           ENTITY FOR THE QUALIFIED EQUITY INVESTMENT. THE AMOUNT OF THE  
10          CREDIT ALLOWED TO BE CLAIMED UNDER THIS SECTION SHALL NOT EXCEED

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

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

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

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

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

1 (C) THE PROPOSED DOLLAR AMOUNT OF THE QUALIFIED EQUITY  
2 INVESTMENT.

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

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

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

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

19 (7) THE DEPARTMENT SHALL RECAPTURE IN A MANNER AS PROVIDED  
20 UNDER 1941 PA 122, MCL 205.1 TO 205.31, FROM THE TAXPAYER THAT  
21 CLAIMED THE CREDIT ON A RETURN THE TAX CREDIT ALLOWED UNDER THIS  
22 SECTION UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

23 (A) IF ANY FEDERAL TAX CREDIT THAT MAY BE AVAILABLE WITH  
24 RESPECT TO A QUALIFIED EQUITY INVESTMENT THAT IS ELIGIBLE FOR A TAX  
25 CREDIT UNDER THIS SECTION IS RECAPTURED UNDER SECTION 45D OF THE  
26 INTERNAL REVENUE CODE. IN THAT CASE, THE DEPARTMENT'S RECAPTURE  
27 SHALL BE PROPORTIONATE TO THE FEDERAL RECAPTURE WITH RESPECT TO

1 THAT QUALIFIED EQUITY INVESTMENT.

2 (B) IF THE ISSUER REDEEMS OR MAKES PRINCIPAL REPAYMENT WITH  
3 RESPECT TO A QUALIFIED EQUITY INVESTMENT PRIOR TO THE SEVENTH  
4 ANNIVERSARY OF THE ISSUANCE OF THE QUALIFIED EQUITY INVESTMENT. IN  
5 THAT CASE, THE DEPARTMENT'S RECAPTURE SHALL BE PROPORTIONATE TO THE  
6 AMOUNT OF THE REDEMPTION OR REPAYMENT WITH RESPECT TO THE QUALIFIED  
7 EQUITY INVESTMENT.

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

15 (8) FOR PURPOSES OF THIS SECTION, A QUALIFIED LOW-INCOME  
16 COMMUNITY INVESTMENT SHALL BE CONSIDERED HELD BY A QUALIFIED  
17 COMMUNITY DEVELOPMENT ENTITY EVEN IF THE INVESTMENT HAS BEEN SOLD  
18 OR REPAID, PROVIDED THAT THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY  
19 REINVESTS AN AMOUNT EQUAL TO THE CAPITAL RETURNED TO OR RECOVERED  
20 BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY FROM THE ORIGINAL  
21 INVESTMENT, EXCLUSIVE OF ANY PROFITS REALIZED, IN ANOTHER QUALIFIED  
22 LOW-INCOME COMMUNITY INVESTMENT IN THIS STATE WITHIN 12 MONTHS  
23 AFTER THE RECEIPT OF THAT CAPITAL. A QUALIFIED COMMUNITY  
24 DEVELOPMENT ENTITY IS NOT REQUIRED TO REINVEST CAPITAL RETURNED  
25 FROM QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS AFTER THE SIXTH  
26 ANNIVERSARY OF THE ISSUANCE OF THE QUALIFIED EQUITY INVESTMENT, THE  
27 PROCEEDS OF WHICH WERE USED TO MAKE THE QUALIFIED LOW-INCOME

1 COMMUNITY INVESTMENT, AND THE QUALIFIED LOW-INCOME COMMUNITY  
2 INVESTMENT SHALL BE CONSIDERED HELD BY THE QUALIFIED COMMUNITY  
3 DEVELOPMENT ENTITY THROUGH THE SEVENTH ANNIVERSARY OF THE QUALIFIED  
4 EQUITY INVESTMENT'S ISSUANCE. IN ADDITION TO THE NOTIFICATION  
5 REQUIRED UNDER 1941 PA 122, MCL 205.1 TO 205.31, THE DEPARTMENT  
6 SHALL PROVIDE NOTICE TO THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY  
7 OF ANY PROPOSED RECAPTURE OF TAX CREDITS PURSUANT TO THIS SECTION  
8 FOR WHICH THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY ISSUED A  
9 QUALIFIED EQUITY INVESTMENT.

10 (9) THE TOTAL AMOUNT OF ALL QUALIFIED EQUITY INVESTMENTS THAT  
11 MAY BE CERTIFIED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
12 UNDER THIS SECTION, SECTION 675, AND SECTION 476A OF THE INSURANCE  
13 CODE OF 1956, 1956 PA 218, MCL 500.476A, SHALL NOT RESULT IN MORE  
14 THAN \$20,000,000.00 IN TAX CREDITS AVAILABLE IN ANY 1 TAX YEAR NOT  
15 INCLUDING ANY CARRIED-FORWARD AMOUNTS FROM CREDITS APPROVED IN A  
16 PREVIOUS TAX YEAR. THE TOTAL AMOUNT OF ALL CREDITS CERTIFIED FOR A  
17 QUALIFIED EQUITY INVESTMENT UNDER THIS SECTION, SECTION 675, AND  
18 SECTION 476A OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL  
19 500.476A, SHALL NOT EXCEED THE AMOUNT OF THE CREDIT ALLOWED UNDER  
20 SECTION 45D OF THE INTERNAL REVENUE CODE FOR THAT SAME QUALIFIED  
21 EQUITY INVESTMENT. A QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL  
22 NOT ISSUE A QUALIFIED EQUITY INVESTMENT BEFORE JULY 1, 2014 OR  
23 AFTER DECEMBER 31, 2016. A QUALIFIED COMMUNITY DEVELOPMENT ENTITY  
24 THAT ISSUES A LONG-TERM DEBT SECURITY SHALL NOT MAKE CASH INTEREST  
25 PAYMENTS ON THAT LONG-TERM DEBT SECURITY DURING THE PERIOD  
26 COMMENCING WITH ITS ISSUANCE AND ENDING ON ITS FINAL CREDIT  
27 ALLOWANCE DATE THAT ARE IN EXCESS OF THE SUM OF THOSE CASH INTEREST

1 PAYMENTS AND THE CUMULATIVE OPERATING INCOME OF THAT QUALIFIED  
2 COMMUNITY DEVELOPMENT ENTITY FOR THE SAME PERIOD. FOR PURPOSES OF  
3 THIS SUBSECTION, "CASH INTEREST PAYMENTS" AND "CUMULATIVE OPERATING  
4 INCOME" SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 45D OF THE  
5 INTERNAL REVENUE CODE AND ANY FEDERAL REGULATIONS RELATING TO THAT  
6 SECTION.

7 (11) THE DEPARTMENT, IN COOPERATION WITH THE MICHIGAN ECONOMIC  
8 DEVELOPMENT CORPORATION, MAY PROMULGATE RULES TO IMPLEMENT THIS  
9 SECTION.

10 (12) AS USED IN THIS SECTION:

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

14 (B) "CREDIT ALLOWANCE DATE" MEANS JANUARY 1, 2016, OR EXACTLY  
15 1 YEAR AFTER THE DATE ON WHICH THE QUALIFIED EQUITY INVESTMENT IS  
16 INITIALLY MADE, WHICHEVER IS LATER, AND EACH OF THE 6 ANNIVERSARY  
17 DATES OF THAT DATE THEREAFTER.

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

1 (D) "MICHIGAN ECONOMIC DEVELOPMENT CORPORATION" MEANS THE  
2 PUBLIC BODY CORPORATE CREATED UNDER SECTION 28 OF ARTICLE VII OF  
3 THE STATE CONSTITUTION OF 1963 AND THE URBAN COOPERATION ACT OF  
4 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512, BY A CONTRACTUAL  
5 INTERLOCAL AGREEMENT EFFECTIVE APRIL 5, 1999, AS AMENDED, BETWEEN  
6 LOCAL PARTICIPATING ECONOMIC DEVELOPMENT CORPORATIONS FORMED UNDER  
7 THE ECONOMIC DEVELOPMENT CORPORATIONS ACT, 1974 PA 338, MCL  
8 125.1601 TO 125.1636, AND THE MICHIGAN STRATEGIC FUND.

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

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

1 (G) "QUALIFIED COMMUNITY DEVELOPMENT ENTITY" HAS THE MEANING  
2 GIVEN TO THAT TERM IN SECTION 45D OF THE INTERNAL REVENUE CODE,  
3 PROVIDED THAT SUCH ENTITY HAS ENTERED INTO, OR IS CONTROLLED BY A  
4 QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT HAS ENTERED INTO, AN  
5 ALLOCATION AGREEMENT WITH THE COMMUNITY DEVELOPMENT FINANCIAL  
6 INSTITUTIONS FUND OF THE UNITED STATES TREASURY DEPARTMENT WITH  
7 RESPECT TO CREDITS AUTHORIZED BY SECTION 45D OF THE INTERNAL  
8 REVENUE CODE. THE ALLOCATION AGREEMENT SHALL INCLUDE THE STATE OF  
9 MICHIGAN WITHIN THE SERVICE AREA SET FORTH IN THAT ALLOCATION  
10 AGREEMENT.

11 (H) "QUALIFIED EQUITY INVESTMENT" MEANS ANY EQUITY INVESTMENT  
12 IN, OR LONG-TERM DEBT SECURITY ISSUED BY, A QUALIFIED COMMUNITY  
13 DEVELOPMENT ENTITY THAT IS ACQUIRED AFTER JULY 1, 2014 AT ITS  
14 ORIGINAL ISSUANCE SOLELY IN EXCHANGE FOR CASH, HAS AT LEAST 85% OF  
15 ITS CASH PURCHASE PRICE USED BY THE QUALIFIED COMMUNITY DEVELOPMENT  
16 ENTITY TO MAKE QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN  
17 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES LOCATED IN THIS  
18 STATE, AND IS DESIGNATED BY THE QUALIFIED COMMUNITY DEVELOPMENT  
19 ENTITY AS A QUALIFIED EQUITY INVESTMENT UNDER THIS SECTION AND IS  
20 CERTIFIED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AS NOT  
21 EXCEEDING THE LIMITATION CONTAINED IN SUBSECTION (9). QUALIFIED  
22 EQUITY INVESTMENT INCLUDES ANY QUALIFIED EQUITY INVESTMENT THAT IS  
23 NOT ACQUIRED AFTER JULY 1, 2014 AT ITS ORIGINAL ISSUANCE SOLELY IN  
24 EXCHANGE FOR CASH IF THE INVESTMENT WAS A QUALIFIED EQUITY  
25 INVESTMENT IN THE HANDS OF A PRIOR HOLDER.

26 (I) "QUALIFIED LOW-INCOME COMMUNITY INVESTMENT" MEANS, SUBJECT  
27 TO THE LIMITATION PROVIDED UNDER THIS SUBDIVISION, ANY CAPITAL OR

1 EQUITY INVESTMENT IN, OR LOAN TO, ANY QUALIFIED ACTIVE LOW-INCOME  
2 COMMUNITY BUSINESS MADE AFTER JULY 1, 2013. WITH RESPECT TO ANY 1  
3 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS, THE MAXIMUM AMOUNT  
4 ALLOWED OF QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS MADE IN THAT  
5 BUSINESS, ON A COLLECTIVE BASIS WITH ALL OF ITS AFFILIATES, WITH  
6 PROCEEDS OF QUALIFIED EQUITY INVESTMENTS CERTIFIED AS ELIGIBLE FOR  
7 TAX CREDITS UNDER THIS SECTION, WHETHER ISSUED TO 1 OR MORE  
8 QUALIFIED COMMUNITY DEVELOPMENT ENTITIES, IS \$10,000,000.00.

9 SEC. 675. (1) SUBJECT TO THE LIMITATIONS PROVIDED UNDER  
10 SUBSECTION (9), FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2013, A  
11 TAXPAYER THAT PURCHASES A QUALIFIED EQUITY INVESTMENT EARNS A  
12 VESTED RIGHT TO A TAX CREDIT UNDER THIS SECTION. THE HOLDER OF THAT  
13 QUALIFIED EQUITY INVESTMENT MAY CLAIM A CREDIT AGAINST THE TAX  
14 IMPOSED BY THIS ACT OR SECTION 476A OF THE INSURANCE CODE OF 1956,  
15 1956 PA 218, MCL 500.476A, EQUAL TO THE APPLICABLE PERCENTAGE OF  
16 THE PURCHASE PRICE PAID TO THE QUALIFIED COMMUNITY DEVELOPMENT  
17 ENTITY FOR THE QUALIFIED EQUITY INVESTMENT. THE AMOUNT OF THE  
18 CREDIT ALLOWED TO BE CLAIMED UNDER THIS SECTION SHALL NOT EXCEED  
19 THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR. IF THE AMOUNT  
20 OF THE CREDIT ALLOWED UNDER THIS SECTION AND ANY UNUSED  
21 CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION EXCEED THE TAX  
22 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION THAT  
23 EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED OR TRANSFERRED,  
24 EXCEPT AS PROVIDED IN SUBSECTION (7), BUT MAY BE CARRIED FORWARD TO  
25 OFFSET TAX LIABILITY IN SUBSEQUENT TAX YEARS.

26 (2) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT SEEKS TO  
27 HAVE AN EQUITY INVESTMENT OR LONG-TERM DEBT SECURITY DESIGNATED AS

1 A QUALIFIED EQUITY INVESTMENT AND ELIGIBLE FOR TAX CREDITS SHALL  
2 APPLY TO THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION FOR  
3 CERTIFICATION. A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS  
4 SECTION UNLESS THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT  
5 ISSUED THE QUALIFIED EQUITY INVESTMENT HAS SUBMITTED AN APPLICATION  
6 FOR CERTIFICATION, ALONG WITH THE APPLICATION FEE, AND THE MICHIGAN  
7 ECONOMIC DEVELOPMENT CORPORATION HAS ISSUED A CERTIFICATE TO THE  
8 QUALIFIED COMMUNITY DEVELOPMENT ENTITY FOR THAT QUALIFIED EQUITY  
9 INVESTMENT. THE TAXPAYER SHALL ATTACH THE CERTIFICATE TO THE ANNUAL  
10 RETURN FILED UNDER THIS ACT OR SECTION 476A OF THE INSURANCE CODE  
11 OF 1956, 1956 PA 218, MCL 500.476A, ON WHICH A CREDIT UNDER THIS  
12 SECTION IS CLAIMED.

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

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

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

19 (C) THE PROPOSED DOLLAR AMOUNT OF THE QUALIFIED EQUITY  
20 INVESTMENT.

21 (4) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION SHALL  
22 CERTIFY QUALIFIED EQUITY INVESTMENTS IN THE ORDER APPLICATIONS ARE  
23 RECEIVED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION.  
24 APPLICATIONS RECEIVED ON THE SAME DAY SHALL BE DEEMED TO HAVE BEEN  
25 RECEIVED SIMULTANEOUSLY. FOR APPLICATIONS RECEIVED ON THE SAME DAY  
26 AND DEEMED COMPLETE, THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
27 SHALL CERTIFY QUALIFIED EQUITY INVESTMENTS AND, IN THE EVENT THERE

1 IS INSUFFICIENT REMAINING TAX CREDIT CAPACITY, REDUCE THE AMOUNT OF  
2 CERTIFIED QUALIFIED EQUITY INVESTMENT IN PROPORTIONATE PERCENTAGES  
3 BASED UPON THE RATIO OF THE AMOUNT OF QUALIFIED EQUITY INVESTMENTS  
4 REQUESTED IN AN APPLICATION TO THE TOTAL AMOUNT OF QUALIFIED EQUITY  
5 INVESTMENTS REQUESTED IN ALL APPLICATIONS RECEIVED ON THE SAME DAY.

6 (5) WITHIN 30 DAYS AFTER RECEIVING NOTICE OF CERTIFICATION,  
7 THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL ISSUE THE  
8 QUALIFIED EQUITY INVESTMENT AND RECEIVE CASH IN THE AMOUNT OF THE  
9 CERTIFIED AMOUNT. THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL  
10 PROVIDE THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION WITH A  
11 WRITTEN NOTICE IN A FORM OR MANNER AS PROVIDED BY THE MICHIGAN  
12 ECONOMIC DEVELOPMENT CORPORATION AND EVIDENCE OF RECEIPT OF THE  
13 CASH INVESTMENT WITHIN 10 BUSINESS DAYS AFTER RECEIPT. WITHIN 30  
14 DAYS AFTER MAKING QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN  
15 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES LOCATED IN THIS  
16 STATE, THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL PROVIDE THE  
17 MICHIGAN ECONOMIC DEVELOPMENT CORPORATION WITH A WRITTEN NOTICE, IN  
18 A FORM OR MANNER AS PROVIDED BY THE MICHIGAN ECONOMIC DEVELOPMENT  
19 CORPORATION, OF THOSE INVESTMENTS INCLUDING THE NAME AND ADDRESS OF  
20 EACH QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS THAT RECEIVED  
21 ALL OR A PORTION OF THOSE INVESTMENTS. IF THE QUALIFIED COMMUNITY  
22 DEVELOPMENT ENTITY FAILS TO PROVIDE THE MICHIGAN ECONOMIC  
23 DEVELOPMENT CORPORATION WITH THE WRITTEN NOTICES AND EVIDENCE AS  
24 REQUIRED UNDER THIS SUBSECTION, THE CERTIFICATION SHALL LAPSE. IF  
25 THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY DOES NOT RECEIVE THE  
26 CASH INVESTMENT AND ISSUE THE QUALIFIED EQUITY INVESTMENT WITHIN 30  
27 DAYS FOLLOWING RECEIPT OF THE CERTIFICATION NOTICE, THE

1 CERTIFICATION SHALL LAPSE. A CERTIFICATION THAT LAPSES REVERTS BACK  
2 TO THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AND MAY BE  
3 REISSUED IN ACCORDANCE WITH THE APPLICATION PROCESS OUTLINED IN  
4 THIS SECTION.

5 (6) THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL NOT USE  
6 ANY OF THE CASH PROCEEDS FROM THE ISSUANCE OF THE QUALIFIED EQUITY  
7 INVESTMENT TO INVEST IN QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS  
8 IN QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES OUTSIDE THIS  
9 STATE.

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

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

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

26 (C) IF THE ISSUER FAILS TO INVEST AT LEAST 85% OF THE CASH  
27 PURCHASE PRICE OF THE QUALIFIED EQUITY INVESTMENT IN QUALIFIED LOW-

1 INCOME COMMUNITY INVESTMENTS IN THIS STATE WITHIN 12 MONTHS OF THE  
2 ISSUANCE OF THE QUALIFIED EQUITY INVESTMENT AND MAINTAIN SUCH LEVEL  
3 OF INVESTMENT IN QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN THIS  
4 STATE UNTIL THE LAST CREDIT ALLOWANCE DATE FOR THAT QUALIFIED  
5 EQUITY INVESTMENT.

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

1           (9) THE TOTAL AMOUNT OF ALL QUALIFIED EQUITY INVESTMENTS THAT  
2 MAY BE CERTIFIED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
3 UNDER THIS SECTION, SECTION 277, AND SECTION 476A OF THE INSURANCE  
4 CODE OF 1956, 1956 PA 218, MCL 500.476A, SHALL NOT RESULT IN MORE  
5 THAN \$20,000,000.00 IN TAX CREDITS AVAILABLE IN ANY 1 TAX YEAR NOT  
6 INCLUDING ANY CARRIED-FORWARD AMOUNTS FROM CREDITS APPROVED IN A  
7 PREVIOUS TAX YEAR. THE TOTAL AMOUNT OF ALL CREDITS CERTIFIED FOR A  
8 QUALIFIED EQUITY INVESTMENT UNDER THIS SECTION, SECTION 277 AND  
9 SECTION 476A OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL  
10 500.476A, SHALL NOT EXCEED THE AMOUNT OF THE CREDIT ALLOWED UNDER  
11 SECTION 45D OF THE INTERNAL REVENUE CODE FOR THAT SAME QUALIFIED  
12 EQUITY INVESTMENT. A QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL  
13 NOT ISSUE A QUALIFIED EQUITY INVESTMENT BEFORE JULY 1, 2014 OR  
14 AFTER DECEMBER 31, 2016. A QUALIFIED COMMUNITY DEVELOPMENT ENTITY  
15 THAT ISSUES A LONG-TERM DEBT SECURITY SHALL NOT MAKE CASH INTEREST  
16 PAYMENTS ON THAT LONG-TERM DEBT SECURITY DURING THE PERIOD  
17 COMMENCING WITH ITS ISSUANCE AND ENDING ON ITS FINAL CREDIT  
18 ALLOWANCE DATE THAT ARE IN EXCESS OF THE SUM OF THOSE CASH INTEREST  
19 PAYMENTS AND THE CUMULATIVE OPERATING INCOME OF THAT QUALIFIED  
20 COMMUNITY DEVELOPMENT ENTITY FOR THE SAME PERIOD. FOR PURPOSES OF  
21 THIS SUBSECTION, "CASH INTEREST PAYMENTS" AND "CUMULATIVE OPERATING  
22 INCOME" SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 45D OF THE  
23 INTERNAL REVENUE CODE AND ANY FEDERAL REGULATIONS RELATING TO THAT  
24 SECTION.

25           (10) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION SHALL  
26 REPORT TO BOTH HOUSES OF THE LEGISLATURE BEFORE JULY 1, 2018 AND  
27 BIANNUALLY THEREAFTER ON THE ACTIVITIES OF THE MICHIGAN ECONOMIC

1 DEVELOPMENT CORPORATION REGARDING THE NEW MARKETS TAX CREDITS  
2 ALLOWED UNDER THIS SECTION, SECTION 277, AND SECTION 476A OF THE  
3 INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.476A. THE REPORT SHALL  
4 INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

5 (A) THE TOTAL COMBINED AMOUNT OF QUALIFIED EQUITY INVESTMENTS  
6 ATTRACTED UNDER THIS SECTION, SECTION 277, AND SECTION 476A OF THE  
7 INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.476A.

8 (B) THE TOTAL NUMBER OF TAXPAYERS THAT CLAIMED A CREDIT UNDER  
9 THIS SECTION, SECTION 277, AND SECTION 476A OF THE INSURANCE CODE  
10 OF 1956, 1956 PA 218, MCL 500.476A.

11 (C) THE TOTAL AMOUNT OF CREDITS AWARDED UNDER THIS SECTION,  
12 SECTION 277, AND SECTION 476A OF THE INSURANCE CODE OF 1956, 1956  
13 PA 218, MCL 500.476A.

14 (D) NAME AND LOCATION OF ALL TAXPAYERS AND QUALIFIED COMMUNITY  
15 DEVELOPMENT ENTITIES SEEKING AUTHORIZATION FOR CREDITS UNDER THIS  
16 SECTION, SECTION 277, AND SECTION 476A OF THE INSURANCE CODE OF  
17 1956, 1956 PA 218, MCL 500.476A.

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

19 (11) THE DEPARTMENT, IN COOPERATION WITH THE MICHIGAN ECONOMIC  
20 DEVELOPMENT CORPORATION, MAY PROMULGATE RULES TO IMPLEMENT THIS  
21 SECTION.

22 (12) FOR PURPOSES OF THIS SECTION, TAXPAYER INCLUDES A PERSON  
23 SUBJECT TO THE TAX IMPOSED UNDER CHAPTER 12.

24 (13) AS USED IN THIS SECTION:

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

1 (B) "CREDIT ALLOWANCE DATE" MEANS JANUARY 1, 2016 OR EXACTLY 1  
2 YEAR AFTER THE DATE ON WHICH THE QUALIFIED EQUITY INVESTMENT IS  
3 INITIALLY MADE, WHICHEVER IS LATER, AND EACH OF THE 6 ANNIVERSARY  
4 DATES OF THAT DATE THEREAFTER.

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

15 (D) "MICHIGAN ECONOMIC DEVELOPMENT CORPORATION" MEANS THE  
16 PUBLIC BODY CORPORATE CREATED UNDER SECTION 28 OF ARTICLE VII OF  
17 THE STATE CONSTITUTION OF 1963 AND THE URBAN COOPERATION ACT OF  
18 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512, BY A CONTRACTUAL  
19 INTERLOCAL AGREEMENT EFFECTIVE APRIL 5, 1999, AS AMENDED, BETWEEN  
20 LOCAL PARTICIPATING ECONOMIC DEVELOPMENT CORPORATIONS FORMED UNDER  
21 THE ECONOMIC DEVELOPMENT CORPORATIONS ACT, 1974 PA 338, MCL  
22 125.1601 TO 125.1636, AND THE MICHIGAN STRATEGIC FUND.

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

25 (F) "QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS" HAS THE  
26 MEANING GIVEN TO THAT TERM IN SECTION 45D OF THE INTERNAL REVENUE  
27 CODE, EXCEPT THAT ANY BUSINESS THAT DERIVES OR PROJECTS TO DERIVE

1 15% OR MORE OF ITS ANNUAL REVENUE FROM THE RENTAL OR SALE OF REAL  
2 ESTATE IS NOT CONSIDERED TO BE A QUALIFIED ACTIVE LOW-INCOME  
3 COMMUNITY BUSINESS UNLESS THE BUSINESS IS CONTROLLED BY, OR UNDER  
4 COMMON CONTROL WITH, ANOTHER BUSINESS THAT DOES NOT DERIVE OR  
5 PROJECT TO DERIVE 20% OR MORE OF ITS ANNUAL REVENUE FROM THE RENTAL  
6 OR SALE OF REAL ESTATE AND IS THE PRIMARY TENANT OF THE REAL ESTATE  
7 LEASED FROM THE INITIAL BUSINESS. A BUSINESS SHALL BE CONSIDERED A  
8 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS FOR THE DURATION OF  
9 THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY'S INVESTMENT IN, OR LOAN  
10 TO, THE BUSINESS IF THE ENTITY REASONABLY EXPECTS, AT THE TIME IT  
11 MAKES THE INVESTMENT OR LOAN, THAT THE BUSINESS WILL CONTINUE TO  
12 SATISFY THE REQUIREMENTS FOR BEING A QUALIFIED ACTIVE LOW-INCOME  
13 COMMUNITY BUSINESS THROUGHOUT THE ENTIRE PERIOD OF THE INVESTMENT  
14 OR LOAN.

15 (G) "QUALIFIED COMMUNITY DEVELOPMENT ENTITY" HAS THE MEANING  
16 GIVEN TO THAT TERM IN SECTION 45D OF THE INTERNAL REVENUE CODE,  
17 PROVIDED THAT SUCH ENTITY HAS ENTERED INTO, OR IS CONTROLLED BY A  
18 QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT HAS ENTERED INTO, AN  
19 ALLOCATION AGREEMENT WITH THE COMMUNITY DEVELOPMENT FINANCIAL  
20 INSTITUTIONS FUND OF THE UNITED STATES TREASURY DEPARTMENT WITH  
21 RESPECT TO CREDITS AUTHORIZED BY SECTION 45D OF THE INTERNAL  
22 REVENUE CODE. THE ALLOCATION AGREEMENT SHALL INCLUDE THE STATE OF  
23 MICHIGAN WITHIN THE SERVICE AREA SET FORTH IN THAT ALLOCATION  
24 AGREEMENT.

25 (H) "QUALIFIED EQUITY INVESTMENT" MEANS ANY EQUITY INVESTMENT  
26 IN, OR LONG-TERM DEBT SECURITY ISSUED BY, A QUALIFIED COMMUNITY  
27 DEVELOPMENT ENTITY THAT IS ACQUIRED AFTER JULY 1, 2014 AT ITS

1 ORIGINAL ISSUANCE SOLELY IN EXCHANGE FOR CASH, HAS AT LEAST 85% OF  
2 ITS CASH PURCHASE PRICE USED BY THE QUALIFIED COMMUNITY DEVELOPMENT  
3 ENTITY TO MAKE QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS IN  
4 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESSES LOCATED IN THIS  
5 STATE, AND IS DESIGNATED BY THE QUALIFIED COMMUNITY DEVELOPMENT  
6 ENTITY AS A QUALIFIED EQUITY INVESTMENT UNDER THIS SECTION AND IS  
7 CERTIFIED BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AS NOT  
8 EXCEEDING THE LIMITATION CONTAINED IN SUBSECTION (9). QUALIFIED  
9 EQUITY INVESTMENT INCLUDES ANY QUALIFIED EQUITY INVESTMENT THAT IS  
10 NOT ACQUIRED AFTER JULY 1, 2014 AT ITS ORIGINAL ISSUANCE SOLELY IN  
11 EXCHANGE FOR CASH IF THE INVESTMENT WAS A QUALIFIED EQUITY  
12 INVESTMENT IN THE HANDS OF A PRIOR HOLDER.

13 (I) "QUALIFIED LOW-INCOME COMMUNITY INVESTMENT" MEANS, EXCEPT  
14 AS OTHERWISE PROVIDED UNDER THIS SUBDIVISION, ANY CAPITAL OR EQUITY  
15 INVESTMENT IN, OR LOAN TO, ANY QUALIFIED ACTIVE LOW-INCOME  
16 COMMUNITY BUSINESS MADE AFTER JULY 1, 2014. WITH RESPECT TO ANY 1  
17 QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS, THE MAXIMUM AMOUNT  
18 OF QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS MADE IN THAT  
19 BUSINESS, ON A COLLECTIVE BASIS WITH ALL OF ITS AFFILIATES, WITH  
20 PROCEEDS OF QUALIFIED EQUITY INVESTMENTS CERTIFIED AS ELIGIBLE FOR  
21 TAX CREDITS UNDER THIS SECTION, WHETHER ISSUED TO 1 OR MORE  
22 QUALIFIED COMMUNITY DEVELOPMENT ENTITIES, IS \$10,000,000.00.