

SENATE BILL No. 623

October 10, 2017, Introduced by Senator HORN and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 31a (MCL 206.31a), as added by 2011 PA 314.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 31a. (1) Notwithstanding any other provision of this act
2 and for the 2012 tax year and each tax year after 2012, "taxable
3 income" means taxable income as determined under section 30 and,
4 except as otherwise provided, subsequently adjusted under this
5 section.

6 (2) For the 2012 tax year and each tax year after 2012 and to
7 the extent and for the duration provided in the Michigan
8 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, to
9 determine taxable income, a qualified taxpayer may deduct, to the
10 extent included in adjusted gross income, an amount equal to the

1 sum of all of the following:

2 (a) Except as provided in subdivisions (b), (c), and (d),
3 income earned or received during the period of time that the
4 qualified taxpayer was a resident of a qualified renaissance zone.

5 (b) Interest and dividends received in the tax year during the
6 period that the qualified taxpayer was a resident of a qualified
7 renaissance zone.

8 (c) Capital gains received in the tax year prorated based on
9 the percentage of time that the asset was held by the qualified
10 taxpayer while the qualified taxpayer was a resident of the
11 qualified renaissance zone.

12 (d) Income received by the qualified taxpayer from winning an
13 on-line lottery game sponsored by this state only if the date on
14 which the drawing for that game was held was after the taxpayer
15 became a resident of a qualified renaissance zone and income
16 received by the qualified taxpayer from winning an instant lottery
17 game sponsored by this state only if the taxpayer was a resident of
18 a qualified renaissance zone on the validation date of the lottery
19 ticket for that game.

20 (3) Income used to calculate a deduction under any other
21 section of this act shall not be used to calculate a deduction
22 under this section.

23 (4) If a qualified taxpayer completes the residency
24 requirements under subsection (11)(e), the qualified taxpayer may
25 claim the deduction allowed under this section.

26 (5) To be eligible for the deduction under this section, a
27 taxpayer shall file an annual return under this act.

1 (6) A qualified taxpayer shall file a withholding form
2 prescribed by the department with his or her employer within 10
3 days after the date the taxpayer completes the requirements under
4 subsection (11)(e).

5 (7) If the department finds that a taxpayer has claimed a
6 deduction under this section to which he or she is not entitled,
7 the taxpayer is subject to the interest and penalty provisions
8 under 1941 PA 122, MCL 205.1 to 205.31.

9 (8) Any portion of taxable income derived from illegal
10 activity conducted anywhere shall not be used to calculate a
11 deduction under this section.

12 (9) The net operating loss deduction allowed under section
13 30(1)(n) shall be calculated without regard to the deductions
14 allowed under this section.

15 (10) If a taxpayer who was a qualified taxpayer during the tax
16 year changes status and is not a qualified taxpayer or vice versa,
17 income subject to tax under this act shall be determined separately
18 for income in each status.

19 (11) As used in this section:

20 (a) "Domicile" means a place where a person has his or her
21 true, fixed, and permanent home and principal establishment to
22 which, whenever absent, he or she intends to return, and domicile
23 continues until another permanent establishment is established.

24 (b) "Qualified renaissance zone" means ~~only~~ those geographic
25 areas in a renaissance zone that were designated as a renaissance
26 zone under the Michigan renaissance zone act, 1996 PA 376, MCL
27 125.2681 to 125.2696, before January 1, 2012 ~~—A qualified~~

1 ~~renaissance zone~~ AND, EXCEPT FOR AN EXTENSION OR RENEWAL GRANTED
2 UNDER SECTION 4(8) OF THE MICHIGAN RENAISSANCE ZONE ACT, 1996 PA
3 376, MCL 125.2684, does not include any portion of a renaissance
4 zone for which an extension or renewal is approved after December
5 31, 2011.

6 (c) "Qualified taxpayer" means a taxpayer that is a resident
7 of a qualified renaissance zone and that has gross income not
8 exceeding \$1,000,000.00 for any tax year for which the taxpayer
9 claims a credit under this section.

10 (d) "Renaissance zone" means that term as defined in section 3
11 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2683.

12 (e) "Resident" means an individual domiciled in an area that
13 is a qualified renaissance zone for a period of 183 consecutive
14 days. A taxpayer may begin calculating the 183-day period during
15 the 183 days immediately preceding the designation of the area as a
16 qualified renaissance zone. Resident includes the estate of an
17 individual who was a resident of a qualified renaissance zone at
18 the time of death. After a taxpayer has completed the 183-day
19 residency requirement under this subdivision, the taxpayer is
20 considered to have been a resident of that qualified renaissance
21 zone beginning from the first day used to determine if the 183-day
22 residency requirement has been met.