

HOUSE BILL NO. 5821

May 28, 2020, Introduced by Rep. Peterson and referred to the Committee on Commerce and Tourism.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding section 280.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 280. (1) Subject to the limitations provided under this
2 section, a taxpayer that makes a qualified investment in a
3 qualified organization after December 31, 2020 and before January
4 1, 2026 may claim a credit against the tax imposed by this part
5 equal to 50% of the qualified investment made during the tax year.



1 To qualify for the credit under this section, the taxpayer shall
2 request certification of the qualified investment from the Michigan
3 strategic fund as provided under the Michigan community investment
4 pilot program at least 30 days prior to making the investment. A
5 taxpayer shall not claim a credit under this section unless the
6 Michigan strategic fund has issued a certificate to the taxpayer.

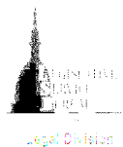
7 (2) The board shall not approve a credit under this section
8 for a taxpayer who has been convicted of a felony involving a
9 fiduciary obligation or the conversion or misappropriation of funds
10 or insurance accounts, theft, deceit, fraud, misrepresentation, or
11 corruption. The Michigan strategic fund shall forward a copy of
12 each certificate received pursuant to this subsection to the
13 governor, the president of the Michigan strategic fund, the
14 chairperson of the senate finance committee, the chairperson of the
15 house tax policy committee, the director of the senate fiscal
16 agency, and the director of the house fiscal agency. The
17 requirements of section 28(1)(f) of 1941 PA 122, MCL 205.28, do not
18 apply to the disclosure required by this subsection. The taxpayer
19 shall attach the certificate to the annual return filed under this
20 part on which a credit under this section is claimed. The
21 certificate required under this subsection shall specify all of the
22 following:

23 (a) The total amount of investment made during the tax year by
24 the taxpayer in each qualified organization.

25 (b) The total amount of qualified investments made in each
26 qualified organization if different from the previous amount.

27 (c) The total amount of the credit under this section that the
28 taxpayer is allowed to claim for the designated tax year.

29 (3) The total amount of all credits that the Michigan



1 strategic fund may certify under this section shall not exceed
2 \$25,000,000.00.

3 (4) If the amount of the credit allowed under this section
4 exceeds the tax liability of the taxpayer for the tax year, that
5 portion of the credit that exceeds the tax liability of the
6 taxpayer for the tax year shall not be refunded but may be carried
7 forward to offset tax liability under this part in subsequent tax
8 years for a period not to exceed 5 tax years or until used up,
9 whichever occurs first.

10 (5) As used in this section:

11 (a) "Board" means the board of directors of the Michigan
12 strategic fund.

13 (b) "Community development programs, projects, and activities"
14 means strategies to encourage small business development, provide
15 affordable housing, promote financial empowerment, stimulate
16 workforce attraction and retention, and any other strategies that
17 assist a distressed area within a neighborhood, community, or
18 commercial corridor or the low-income population who reside within
19 a neighborhood or community.

20 (c) "Community investment pilot program" means the program
21 established by the Michigan strategic fund pursuant to section 88s
22 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088s.

23 (d) "Community investment plan" means community development
24 programs, projects, and activities proposed by a qualified
25 organization to assist a distressed area within a neighborhood,
26 community, or commercial corridor or the low-income population who
27 reside within a neighborhood or community through qualified
28 investments.

29 (e) "Financial institution" means that term as defined under



1 section 651.

2 (f) "Michigan strategic fund" means the Michigan strategic
3 fund as described in the Michigan strategic fund act, 1984 PA 270,
4 MCL 125.2001 to 125.2094.

5 (g) "Qualified investment" means cash or cash equivalent
6 investment certified by the Michigan strategic fund that is
7 contributed to a qualified organization to promote and support
8 implementation of the qualified organization's community investment
9 plan approved by the Michigan strategic fund under the community
10 investment pilot program.

11 (h) "Qualified organization" means a nonprofit organization
12 that is organized under the nonprofit corporation act, 1982 PA 162,
13 MCL 450.2101 to 450.3192, and exempt under section 501(c)(3) of the
14 internal revenue code and that satisfies all of the following:

15 (i) Has a community investment plan approved by the Michigan
16 strategic fund under the community investment pilot program.

17 (ii) A majority of the organization's efforts are focused on
18 serving 1 or more specific neighborhoods or communities or a
19 constituency that is economically disadvantaged.

20 (iii) The purpose of the organization is to engage local
21 residents and businesses to work together to undertake community
22 development programs, projects, and activities.

23 (iv) Demonstrates to the Michigan strategic fund that the
24 organization's constituency, including economically disadvantaged
25 people, has a meaningful role in governance and direction of the
26 organization, which may include committees, membership meetings,
27 and representation on the board of directors.

28 (v) Is not a financial institution.

29 Enacting section 1. This amendatory act does not take effect



- 1 unless Senate Bill No. _____ or House Bill No. 5820 (request no.
- 2 05853'20) of the 100th Legislature is enacted into law.

