

HOUSE BILL NO. 5752

February 15, 2022, Introduced by Reps. Brann, Peterson, Cambensy and Jones 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 206.847) by adding sections 280 and 674.

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, 2021 and before January
4 1, 2027 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 A taxpayer who is a member of a flow-through entity that makes a
2 qualified investment in a qualified organization as provided under
3 this section may claim a credit against the member's tax liability
4 under this part based on the member's proportionate share of
5 ownership or an alternative method approved by the department. To
6 qualify for the credit under this section, the taxpayer shall
7 request certification of the qualified investment from the Michigan
8 strategic fund as provided under the Michigan community investment
9 pilot program at least 60 days prior to making the investment. A
10 taxpayer shall not claim a credit under this section unless the
11 Michigan strategic fund has issued a certificate to the taxpayer.

12 (2) The board shall not approve a credit under this section
13 for a taxpayer who has been convicted of a felony involving a
14 fiduciary obligation or the conversion or misappropriation of funds
15 or insurance accounts, theft, deceit, fraud, misrepresentation, or
16 corruption. The Michigan strategic fund shall forward a copy of
17 each certificate received pursuant to this subsection to the
18 governor, the president of the Michigan strategic fund, the
19 chairperson of the senate finance committee, the chairperson of the
20 house tax policy committee, the director of the senate fiscal
21 agency, and the director of the house fiscal agency. The
22 requirements of section 28(1)(f) of 1941 PA 122, MCL 205.28, that
23 prohibit an employee or authorized representative of, a former
24 employee or authorized representative of, or anyone connected with
25 the department from divulging any facts or information obtained in
26 connection with the administration of a tax, do not apply to the
27 disclosure required by this subsection. The taxpayer shall attach
28 the certificate to the annual return filed under this part on which
29 a credit under this section is claimed. The certificate required

1 under this subsection shall specify all of the following:

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

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

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

8 (3) The total amount of all credits that the Michigan
9 strategic fund may certify under this section and section 674 shall
10 not exceed \$25,000,000.00 each calendar year.

11 (4) If the amount of the credit allowed under this section
12 exceeds the tax liability of the taxpayer for the tax year, that
13 portion of the credit that exceeds the tax liability of the
14 taxpayer for the tax year shall not be refunded but may be carried
15 forward to offset tax liability under this part in subsequent tax
16 years for a period not to exceed 5 tax years or until used up,
17 whichever occurs first.

18 (5) As used in this section and section 674:

19 (a) "Board" means the board of directors of the Michigan
20 strategic fund.

21 (b) "Community development programs, projects, and activities"
22 means strategies to encourage small business development, provide
23 affordable housing, promote financial empowerment, stimulate
24 workforce attraction and retention, and any other strategies that
25 assist a distressed area within a neighborhood, community, or
26 commercial corridor or the low-income population who reside within
27 a neighborhood or community.

28 (c) "Community investment pilot program" means the program
29 established by the Michigan strategic fund pursuant to section 88u

1 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088u.

2 (d) "Community investment plan" means community development
3 programs, projects, and activities proposed by a qualified
4 organization to assist a distressed area within a neighborhood,
5 community, or commercial corridor or the low-income population who
6 reside within a neighborhood or community through qualified
7 investments.

8 (e) "Distressed area" means any of the following:

9 (i) An area located in a city with a population of at least
10 10,000, which area is either designated as a "blighted area" by a
11 local legislative body pursuant to 1945 PA 344, MCL 125.71 to
12 125.84, or which area is determined by the authority to be blighted
13 or largely vacant by reason of clearance of blight, if, with
14 respect to the area, the authority determines that approval of
15 elimination of income limits applicable in connection with
16 authority loans has been received from the city in the form of
17 either a resolution adopted by the highest legislative body of the
18 city or, if the city charter provides for the mayor to be elected
19 at large with that office specifically designated on the ballot,
20 provides that the office of mayor is a full-time position, and
21 provides that the mayor has the power to veto legislative actions
22 of the legislative body of that city, a written communication from
23 the mayor of that city.

24 (ii) A municipality that meets all of the following
25 requirements:

26 (A) The municipality shows a negative population change from
27 1970 to the date of the most recent federal decennial census.

28 (B) The municipality shows an overall increase in the state
29 equalized value of real and personal property of less than the

1 statewide average increase since 1972.

2 (C) The municipality has a poverty rate, as defined by the
3 most recent federal decennial census, greater than the statewide
4 average.

5 (D) The municipality has had an unemployment rate higher than
6 the statewide average unemployment rate for 3 of the preceding 5
7 years.

8 (iii) An area located in a local unit of government certified by
9 the Michigan enterprise zone authority as meeting the criteria
10 prescribed in section 2(f) of the neighborhood enterprise zone act,
11 1992 PA 147, MCL 207.772.

12 (f) "Low-income population" means families whose incomes do
13 not exceed 80% of the median family income for the area.

14 (g) "Michigan strategic fund" means the Michigan strategic
15 fund as described in the Michigan strategic fund act, 1984 PA 270,
16 MCL 125.2001 to 125.2094.

17 (h) "Qualified investment" means cash or cash equivalent
18 investment certified by the Michigan strategic fund that is
19 contributed to a qualified organization to promote and support
20 implementation of the qualified organization's community investment
21 plan approved by the Michigan strategic fund under the community
22 investment pilot program.

23 (i) "Qualified organization" means a nonprofit organization
24 that is organized under the nonprofit corporation act, 1982 PA 162,
25 MCL 450.2101 to 450.3192, and exempt under section 501(c)(3) of the
26 internal revenue code and that satisfies all of the following:

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

29 (ii) A majority of the organization's efforts are focused on

1 serving 1 or more specific neighborhoods or communities with a
2 constituency that is economically disadvantaged.

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

6 (iv) Demonstrates to the Michigan strategic fund that the
7 organization's constituency, including economically disadvantaged
8 people, has a meaningful role in governance and direction of the
9 organization, which may include committees, membership meetings,
10 and representation on the board of directors.

11 Sec. 674. (1) Subject to the limitations provided under this
12 section, a taxpayer that makes a qualified investment in a
13 qualified organization after December 31, 2021 and before January
14 1, 2027 may claim a credit against the tax imposed by this part
15 equal to 50% of the qualified investment made during the tax year.
16 To qualify for the credit under this section, the taxpayer shall
17 request certification of the qualified investment from the Michigan
18 strategic fund as provided under the Michigan community investment
19 pilot program at least 60 days prior to making the investment. A
20 taxpayer shall not claim a credit under this section unless the
21 Michigan strategic fund has issued a certificate to the taxpayer.

22 (2) The board shall not approve a credit under this section
23 for a taxpayer who has been convicted of a felony involving a
24 fiduciary obligation or the conversion or misappropriation of funds
25 or insurance accounts, theft, deceit, fraud, misrepresentation, or
26 corruption. The Michigan strategic fund shall forward a copy of
27 each certificate received pursuant to this subsection to the
28 governor, the president of the Michigan strategic fund, the
29 chairperson of the senate finance committee, the chairperson of the

house tax policy committee, the director of the senate fiscal agency, and the director of the house fiscal agency. The requirements of section 28(1)(f) of 1941 PA 122, MCL 205.28, that prohibit an employee or authorized representative of, a former employee or authorized representative of, or anyone connected with the department from divulging any facts or information obtained in connection with the administration of a tax, do not apply to the disclosure required by this subsection. The taxpayer shall attach the certificate to the annual return filed under this part on which a credit under this section is claimed. The certificate required under this subsection shall specify all of the following:

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

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

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

(3) The total amount of all credits that the Michigan strategic fund may certify under this section and section 280 shall not exceed \$25,000,000.00 each calendar year.

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

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. ____ or House Bill No. 5753 (request no.

1 04737'21 **) of the 101st Legislature is enacted into law.