

SENATE BILL NO. 115

March 05, 2025, Introduced by Senator BELLINO and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 281.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 281. (1) For tax years beginning on and after January 1,
2 2025, subject to the limitations under this section, a taxpayer
3 that makes a qualified investment in a qualified business may claim
4 a credit against the tax imposed by this part equal to 50% of the
5 qualified investment made during the tax year. A taxpayer shall not
6 claim a credit of more than \$3,000.00 based on a qualified

1 investment in any 1 qualified business and shall not claim a credit
2 of more than \$3,000.00 for qualified investments in all qualified
3 businesses in any 1 tax year. To qualify for the credit under this
4 section, the taxpayer shall request certification from the Michigan
5 strategic fund within 60 days of making the investment.

6 (2) The Michigan strategic fund shall develop an application
7 and approval process in order to certify investments under this
8 section and adopt a program describing parameters and criteria to
9 be used for approving investments. As part of that program
10 adoption, the Michigan strategic fund may determine and describe
11 the conditions to be met to be considered a qualified investment.
12 Any investment for which a credit is sought under this section is
13 subject to the uniform securities act (2002), 2008 PA 551, MCL
14 451.2101 to 451.2703, and must be made in compliance with
15 applicable state and federal securities laws, rules, and
16 regulations.

17 (3) A taxpayer shall not claim a credit under this section
18 unless the Michigan strategic fund has issued a certificate to the
19 taxpayer. The taxpayer shall attach the certificate to the annual
20 return filed under this part on which a credit under this section
21 is claimed. The certificate required under this subsection must
22 specify all of the following:

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

25 (b) The total amount of qualified investments made in each
26 qualified business 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 (4) If the amount of the credit allowed under this section

1 exceeds the tax liability of the taxpayer for the tax year, that
2 portion of the credit that exceeds the tax liability of the
3 taxpayer for the tax year must not be refunded but may be carried
4 forward to offset tax liability under this part in subsequent tax
5 years for a period not to exceed 10 tax years or until used up,
6 whichever occurs first.

7 (5) As used in this section:

8 (a) "Family member" means an individual who is the spouse,
9 mother, father, brother, sister, child, stepparent, stepchild,
10 stepbrother, stepsister, grandparent, grandchild, legal ward, or a
11 legally appointed guardian with a certified letter of guardianship,
12 of the investor.

13 (b) "Michigan strategic fund" means the Michigan strategic
14 fund created under section 5 of the Michigan strategic fund act,
15 1984 PA 270, MCL 125.2005.

16 (c) "Qualified business" means a business that the Michigan
17 strategic fund certifies as in compliance with all of the following
18 at the time of the investment:

19 (i) The business has its headquarters in this state, is
20 domiciled in this state, and has a majority of its employees
21 working in this state, and its transactions are limited to
22 residents of this state under section 77c(a)(11) of the securities
23 act of 1933, 15 USC 77c.

24 (ii) The business receives at least 80% of its gross revenues
25 from the operation of its business in this state.

26 (iii) The business has at least 80% of its assets in this state.

27 (d) "Qualified investment" means a cash or a cash equivalent
28 investment certified by the Michigan strategic fund in a qualified
29 business and that is not in a qualified business in which a family

1 member of the investor is an employee or owner of the business or
2 in which the investor or a family member of the investor has a
3 preexisting fiduciary relationship with the business.

4 Enacting section 1. It is the intent of the legislature to
5 annually appropriate sufficient funds from the state general fund
6 to the state school aid fund created in section 11 of article IX of
7 the state constitution of 1963 to fully compensate for any loss of
8 revenue resulting from the enactment of this amendatory act.