

**MICHIGAN BUSINESS TAX ACT (EXCERPT)**  
**Act 36 of 2007**

\*\*\*\*\* 208.1431a THIS SECTION IS REPEALED BY ACT 90 OF 2019 EFFECTIVE FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2031 \*\*\*\*\*

**208.1431a Tax credit; amount; percentage of qualified supplier's or customer's payroll attributable to employees performing qualified new jobs; determination by Michigan economic growth authority; certificate; issuance; contents; failure to meet requirements or conditions; when credit may be taken; definitions.**

Sec. 431a. (1) A qualified taxpayer may claim a credit against the tax imposed by this act equal to the sum of up to 100% of each qualified supplier's and qualified customer's payroll attributable to employees who perform qualified new jobs as determined by the Michigan economic growth authority, multiplied by the tax rate for the tax year and that credit may include each of the qualified supplier's and qualified customer's payroll described above for a period of up to 5 years as determined by the Michigan economic growth authority. If the credit allowed under this subsection exceeds the liability of the taxpayer for the tax year, the taxpayer may elect to have that portion that exceeds the tax liability of the taxpayer refunded or to have the excess carried forward to offset tax liability in subsequent years for 10 years or until it is used up, whichever occurs first. The Michigan economic growth authority shall not designate more than 5 new anchor companies in each calendar year and shall not approve more than 5 new credits in each calendar year under this subsection. An anchor company has 5 years from the date on which the anchor company is designated as an anchor company to seek certification from the Michigan economic growth authority as a qualified taxpayer for each qualified supplier and qualified customer that is included in the credit which that anchor company is seeking under this section. However, a credit shall not be provided for a tax year prior to the tax year during which the designation as an anchor company is made.

(2) The Michigan economic growth authority may also provide that qualified sales to a qualified customer shall not be considered in calculating the sales factor under this act for the tax year for which a credit is provided under this section. Not later than July 1 of each year, the Michigan economic growth authority shall disclose to the senate majority leader or his or her designee, the speaker of the house of representatives or his or her designee, and the chairperson of each standing committee of the house of representatives and the senate that primarily addresses and has jurisdiction over issues pertaining to taxation, finance, and economic development the name and address of each qualified customer whose sales are not considered in the sales factor pursuant to this subsection.

(3) A taxpayer shall not claim a credit under this section unless the Michigan economic growth authority has issued a certificate to the taxpayer. The taxpayer shall attach the certificate to the annual return filed under this act on which the credit under this section is claimed. The certificate required by this subsection shall state all of the following:

(a) The taxpayer is a qualified taxpayer and the date on which the taxpayer was designated as an anchor company.

(b) The amount of the credit under this section for the qualified taxpayer for the designated tax year.

(c) The amount of the qualified sales to a qualified customer.

(d) The taxpayer's federal employer identification number or the Michigan department of treasury number assigned to the taxpayer.

(4) A qualified taxpayer that claims a credit under this section and subsequently fails to meet the requirements of this section or any other conditions included in an agreement entered into with the Michigan economic growth authority in order to obtain a certificate for which the credit was under this section may, as to be determined by the Michigan economic growth authority, have its credit reduced or terminated or have a percentage of the credit amount previously claimed under this section added back to the tax liability of the taxpayer in the year that the taxpayer fails to comply with this section or the agreement.

(5) A credit under this section may be taken after all other allowable nonrefundable credits under this act.

(6) As used in this section:

(a) "Anchor company" means a qualified high-technology business that is an integral part of a high-technology activity and that has the ability or potential ability to influence business decisions and site location of qualified suppliers and customers.

(b) "Business", "qualified high-technology activity", and "qualified high-technology business" mean those terms as defined in the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(c) "Full-time job" means a job performed by an individual for 35 hours or more each week and whose income and social security taxes are withheld by 1 or more of the following:

- (i) A qualified supplier or qualified customer.
- (ii) An employee leasing company on behalf of a qualified supplier or qualified customer.
- (iii) A professional employer organization on behalf of a qualified supplier or qualified customer.
- (d) "Michigan economic growth authority" means the Michigan economic growth authority created in the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.
- (e) "Qualified new job" means a full-time job created by a qualified supplier or qualified customer at a facility or facilities that is in excess of the number of full-time jobs a qualified supplier or qualified customer maintained in this state or at a facility prior to the expansion or location, as determined by the authority.
- (f) "Qualified sales to a qualified customer" means sales to a qualified customer that are in excess of the Michigan sales to the customer prior to the year of expansion or location within this state as determined by the Michigan economic growth authority and that would otherwise be included in the calculation of the sales factor under this act.
- (g) "Qualified supplier" and "qualified customer" means a business that opens a new location in this state, a business that locates in this state, or an existing business located in this state that expands its business as a result of an anchor company and satisfies prior to the issuance of a certificate and at the time specified in the agreement with the qualified taxpayer, as certified by the Michigan economic growth authority, each of the following:
  - (i) Has financial transactions with the anchor company.
  - (ii) Sells a critical or unique component or technology necessary for the anchor company to market a finished product as the result of a commercial relationship with the anchor company or buys a critical or unique component from the anchor company.
  - (iii) Has created more than 10 qualified new jobs.
  - (iv) Has made an investment of at least \$1,000,000.00 as certified by the Michigan economic growth authority.
- (h) "Qualified taxpayer" means a taxpayer that was designated by the Michigan economic growth authority as an anchor company within the last 5 years and that has influenced a qualified supplier or qualified customer to open, locate, or expand in this state.
- (i) "Tax rate" means the rate imposed under section 51 of the income tax act of 1967, 1967 PA 281, MCL 206.51, for the tax year in which the tax year of the taxpayer for which the credit is being computed begins.

**History:** Add. 2008, Act 92, Imd. Eff. Apr. 8, 2008;—Am. 2009, Act 159, Eff. Dec. 31, 2008.

**Compiler's note:** Enacting section 1 of Act 159 of 2009 provides:

"Enacting section 1. This amendatory act is retroactive and is effective for tax years that begin after December 31, 2008."

**Popular name:** MBT