

MICHIGAN BUSINESS TAX ACT (EXCERPT)
Act 36 of 2007

***** 208.1441 THIS SECTION IS REPEALED BY ACT 90 OF 2019 EFFECTIVE FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2031 *****

208.1441 Michigan entrepreneurial credit; conditions; definitions.

Sec. 441. (1) For the 2008, 2009, and 2010 tax years, except as otherwise provided under subsection (2), a taxpayer may claim the Michigan entrepreneurial credit equal to 100% of the eligible taxpayer's tax liability imposed by this act attributable to increased employment under subdivision (b) for 3 years if the taxpayer meets all of the following conditions:

(a) Had less than \$25,000,000.00 in gross receipts in the immediately preceding tax year. The \$25,000,000.00 amount shall be annually adjusted for inflation using the Detroit consumer price index.

(b) Has created in this state or transferred into this state not fewer than 20 new jobs in the immediately preceding tax year.

(c) Has made a capital investment in this state of not less than \$1,250,000.00 in the immediately preceding tax year. For purposes of determining eligibility under this subdivision, the capital investment shall not include the purchase of an existing plant or the purchase of existing equipment.

(d) Is not a retail establishment as described in major groups 52 through 59 and 70 under the standard industrial classification code as compiled by the United States department of labor. However, a restaurant that did not exist, as determined by the treasurer, in this state in the immediately preceding year before which the credit is claimed and that is not a franchise or a part of a unitary business group may qualify for the credit under this section.

(2) A taxpayer that is an eligible business as defined in section 407 and that received an eligible contribution as defined in section 407 for which a credit was claimed by another taxpayer may claim the Michigan entrepreneurial credit equal to 100% of the taxpayer's tax liability imposed by this act attributable to the increased employment under subdivision (b) for 3 years if the taxpayer meets all of the following conditions:

(a) Had less than \$25,000,000.00 in gross receipts in the immediately preceding tax year.

(b) Has increased the number of new jobs in this state by at least 20% from the immediately preceding tax year.

(3) An eligible taxpayer may claim the credit under this section on a form prescribed by the department.

(4) If the new jobs for which the taxpayer qualifies for this credit are relocated outside of this state within 5 years after claiming the credit under this section or if the taxpayer reduces the employment levels by more than 10% of the jobs for which the taxpayer qualifies for the credit under this section, that taxpayer is liable in an amount equal to the total of all credits received under this section. Any liability under this subsection shall be collected under 1941 PA 122, MCL 205.1 to 205.31.

(5) A taxpayer's liability attributable to the increased employment is the total liability of the taxpayer multiplied by a fraction the numerator of which is the payroll of the increased jobs of the facility meeting the requirements of this section and the denominator of which is the taxpayer's total payroll in this state.

(6) As used in this section:

(a) "Detroit consumer price index" means the most comprehensive index of consumer prices available for the Detroit area from the United States department of labor, bureau of labor statistics.

(b) "New jobs" means jobs that meet all of the following criteria:

(i) Did not exist in this state in the immediately preceding tax year.

(ii) Represent an overall increase in full-time equivalent jobs of the taxpayer in this state in the immediately preceding tax year.

(iii) Are not jobs into which employees transfer if the employees worked in this state for the taxpayer in other jobs prior to beginning the new jobs.

(c) "Payroll" means total salaries and wages before deducting any personal or dependency exemptions.

History: 2007, Act 36, Eff. Jan. 1, 2008.

Compiler's note: Enacting section 1 of Act 36 of 2007 provides:

"Enacting section 1. This act takes effect January 1, 2008 and applies to all business activity occurring after December 31, 2007."

Popular name: MBT