



HOUSE BILL No. 4840

May 16, 1995, Introduced by Rep. Hammerstrom and referred to the Committee on Tax Policy.

A bill to amend sections 37c and 37d of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as added by Act No. 23 of the Public Acts of 1995, being sections 208.37c and 208.37d of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 37c and 37d of Act No. 228 of the
2 Public Acts of 1975, as added by Act No. 23 of the Public Acts of
3 1995, being sections 208.37c and 208.37d of the Michigan Compiled
4 Laws, are amended to read as follows:

5 Sec. 37c. (1) For tax years beginning after December 31,
6 1994 and for a period of time not to exceed 20 years as deter-
7 mined by the Michigan economic growth authority, a taxpayer that
8 is an authorized business may credit against the tax imposed by

1 section 31 the amount certified each year by the Michigan
2 economic growth authority.

3 (2) The credit under this section for an authorized business
4 for the tax year as determined under the Michigan economic growth
5 authority act shall not exceed the payroll of the authorized
6 business attributable to employees who perform qualified new jobs
7 multiplied by the tax rate.

8 (3) A taxpayer shall not claim a credit under this section
9 unless the Michigan economic growth authority has issued a cer-
10 tificate to the taxpayer. The taxpayer shall attach the certifi-
11 cate to the return filed under this act on which a credit under
12 this section is claimed.

13 (4) The certificate required by subsection (3) shall state
14 all of the following:

15 (a) The taxpayer is an authorized business.

16 (b) The amount of the credit under this section for the
17 authorized business for the designated tax year.

18 (c) The taxpayer's federal employer identification number or
19 the Michigan treasury number assigned.

20 (5) If the credit allowed under this section exceeds the tax
21 liability of the taxpayer for the tax year, the excess shall be
22 refunded to the taxpayer.

23 (6) An affiliated group, a controlled group of corporations
24 as defined by the internal revenue code, or an entity under
25 common control as defined by the internal revenue code shall
26 claim only 1 credit under this section for each tax year for each

1 expansion or location evidenced by a written agreement whether or
2 not a combined or consolidated return is filed.

3 ~~(7) A credit shall not be claimed by a taxpayer under this~~
4 ~~section if the taxpayer's initial certification as required in~~
5 ~~subsection (3) is issued after December 31, 1996.~~

6 (7) ~~(8)~~ As used in this section:

7 (a) "Authority" or "Michigan economic growth authority"

8 means the Michigan economic growth authority created in the
9 Michigan economic growth authority act.

10 (b) "Authorized business", "facility", "full-time job", and
11 "written agreement" mean those terms as defined in the Michigan
12 economic growth authority act.

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

15 (d) "Qualified new jobs" means the average number of
16 full-time jobs at a facility of an authorized business for a tax
17 year in excess of the average number of full-time jobs the autho-
18 rized business maintained in this state prior to the expansion or
19 location as that is determined under the Michigan economic growth
20 authority act.

21 (e) "Tax rate" means the rate imposed under section 51(1) of
22 the income tax act of 1967, Act No. 281 of the Public Acts of
23 1967, being section 206.51 of the Michigan Compiled Laws, for the
24 tax year in which the tax year of the taxpayer for which the
25 credit is being computed begins.

26 Sec. 37d. (1) For tax years beginning after December 31,
27 1994, and for a period of time not to exceed 20 years as

1 determined by the Michigan economic growth authority plus any
2 carryforward years allowed under subsection (5), a taxpayer that
3 is an authorized business may credit against the tax imposed by
4 section 31 an amount equal to the tax liability attributable to
5 authorized business activity.

6 (2) A taxpayer shall not claim a credit under this section
7 unless the Michigan economic growth authority has issued a cer-
8 tificate to the taxpayer. The taxpayer shall attach the certifi-
9 cate to the return filed under this act on which a credit under
10 this section is claimed.

11 (3) The certificate required by subsection (2) shall state
12 both of the following:

13 (a) The taxpayer is an authorized business.

14 (b) The amount of the credit under this section for the
15 authorized business for the designated tax year.

16 (c) The taxpayer's federal employer identification number or
17 the Michigan treasury number assigned.

18 (4) The tax liability attributable to authorized business
19 activity is the tax liability imposed by this act after the cal-
20 culation of the credits provided in sections 36, 37, 38, and 39
21 multiplied by either of the following fractions as appropriate:

22 (a) For an authorized business locating a facility in this
23 state, a fraction the numerator of which is the ratio of the
24 value of the facility to all of the taxpayer's property located
25 in this state plus the ratio of the taxpayer's payroll attribut-
26 able to qualified new jobs to all of the taxpayer's payroll in
27 this state and the denominator of which is 2.

1 (b) For an authorized business expanding at an existing
2 site, a fraction the numerator of which is the ratio of the value
3 of the new property added to the site as part of that expansion
4 to all of the taxpayer's property located in this state plus the
5 ratio of the taxpayer's payroll attributable to qualified new
6 jobs to all of the taxpayer's payroll in this state and the
7 denominator of which is 2.

8 (5) If the credit allowed under this section for the tax
9 year and any unused carryforward of the credit allowed by this
10 section exceed the taxpayer's tax liability for the tax year,
11 that portion that exceeds the tax liability for the tax year
12 shall not be refunded but may be carried forward to offset tax
13 liability in subsequent tax years for 10 years or until used up,
14 whichever occurs first.

15 ~~(6) A credit shall not be claimed by a taxpayer under this~~
16 ~~section if the taxpayer's initial certification, as required in~~
17 ~~subsection (2), is issued after December 31, 1996.~~

18 (6) ~~(7)~~ As used in this section:

19 (a) "Authorized business" and "facility" mean those terms as
20 defined in the Michigan economic growth authority act.

21 (b) "Authorized business activity" means the business activ-
22 ity of an authorized business certified under the Michigan eco-
23 nomic growth authority act.

24 (c) "Michigan economic growth authority" means the Michigan
25 economic growth authority created in the Michigan economic growth
26 authority act.

1 (d) "Qualified new jobs" means that term as defined in
2 section 37c.